

SAM—PROGRAM BUDGET COST ACCUMULATIONS

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SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

GENERAL

8700

(Renumbered 2/65)

Some special problems arise that are common to several agencies but do not have general application which would warrant provisions therefore in the standard entries and General Ledger accounts. In order that procedures may be standardized among agencies having such special problems, instructions are included here. Instructions on special problems arising in a single agency or a few agencies are not included. Such procedures are transmitted to agencies concerned by memorandum.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

REAL PROPERTY ACQUISITION

8705

(Revised 3/14)

In most cases laws authorizing the acquisition of real property provide that such acquisitions be subject to the provisions of the Property Acquisition Law. In recent years many appropriations for the acquisition of real property also provide for construction, improvements, and equipment.

To facilitate accounting for acquisitions of real property subject to the Property Acquisition Law, the following procedure is prescribed:

1. The benefiting agency will record the entire amount of such appropriations in its allotment-expenditure accounts.
2. The benefiting agency will submit a working budget to the Department of Finance for the entire amount appropriated.
3. After approval by the Department of Finance, one copy of the working budget will be forwarded to the Accounting Section of the Department of General Services (DGS), where the amounts allotted for the acquisition of real property will be recorded.
4. All claims for the acquisition of real property will be filed by the Accounting Section and accounted by that section as decreases in memorandum allotment accounts. In preparing these claims the Accounting Section will prepare an extra copy of the [Claim Schedule, STD. 218](#), for the benefiting agency and will attach copies of all invoices. These copies of STD. 218 will be forwarded to the benefiting agencies after receipt by the Accounting Section of the Controller's Notice of Claim Paid, Form CO-I 02, and inclusive warrant numbers have been noted on the copy of STD. 218.
5. Upon receipt of their copies of the [Claim Schedule, STD. 218](#), the benefiting agencies shall record the expenditures in their accounts. Entries to the property accounts will be made at the same time and from the same source that expenditures are reflected in the accounts.
6. The records maintained by the DGS will be memorandum records only. Expenditures from these appropriations will not be reflected in expenditure statements of the DGS.
7. The benefiting agencies will be responsible for reconciling these appropriations with State Controller's Office accounts.
8. State agencies that acquire real property are required to provide information to DGS for inclusion in the Statewide Property Inventory (SPI) and routing to the Secretary of State Archives to be in compliance with [GC 11011.1-11011.21](#). For assistance in determining the appropriate documents to be submitted, contact RESD's SPI Unit at SPIweb@dgs.ca.gov.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

CALIFORNIA VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD (VCGCB) (Revised 03/11)

8710

During the year, claims for money or damages against the State are presented to and ruled upon at regular meetings of the California Victim Compensation and Government Claims Board (VCGCB). Meeting schedules are located at <http://www.vcgcb.ca.gov/board/meetings.aspx>.

The Budget Act contains appropriations to pay any claims approved by VCGCB and VCGCB records the associated expenditures.

VCGCB also handles legislative claims (also known as omnibus claims) which include:

1. Claims against the state,
2. Specific cash deficiencies (SAM section 8072), and
3. Invoices payable from reverted appropriations for which no current appropriation exists for the same purpose. See SAM section 8422.7.

Information for the claim filing process is available at <http://www.vcgcb.ca.gov/publications/claims.aspx>.

Departments will receive a Controller's journal entry if payment of the VCGCB claim affects the department's accounts or appropriations.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

RECORD OF CREDIT CARDS

8711.1

(Revised 1/78)

Agency accounting officers will be responsible for maintaining a record of all airline company/travel agency credit cards received, issued, and returned by credit card number and name of employee. It is the agency's responsibility to see that such credit cards are returned when employees cease to have need or authorization for them.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

BILLING REQUIREMENTS

8711.2

(Revised 7/76)

Various billing formats are currently offered by airline companies and travel agencies, which include passenger name, card number, cost of ticket, issue date, class of flight, listing by cost center or major activity, etc. The exact format used will depend on the needs of each agency and the capability of the airline company/travel agency.

Regardless of the form of billing that is used, State agencies must ensure that they provide adequate information so that they can be compared against the passenger's copy. See SAM Sections 8711.3 and 8422.115.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

VERIFICATION OF TRANSPORTATION INVOICES

8711.3

(Revised 03/13)

It is the responsibility of the department accounting office to verify invoices from transportation companies to determine that the transportation service was furnished and the rate charged is correct. Verification that the service was furnished is determined by comparing the transportation invoice with the ticket or purchase receipt received by the traveler. In accordance with instruction 10(A) on the reverse side of STD. 262, Travel Expense Claim (TEC), all passenger coupons and ticket order stubs are attached to the TEC.

All business travel that results in any cost to the state must be supported by the TEC, including the electronic TEC in the California Automated Travel Expense Reimbursement System, known as CalATERS. Employees must use the most economical method of transportation and rates claimed should agree with market prices charged to the general public. See SAM Chapter 0700 for additional information regarding travel policies.

TORT LIABILITY PAYMENT PROCEDURE

8712

(Revised 3/89)

This section describes procedures related to tort liability arising from other than motor vehicles. Procedures related to motor vehicle insurance, accidents, and suits are described in SAM Sections 2440 through 2464.

Chapter 1681, Statutes of 1963, added Division 3.6, "Claims and Actions Against Public Entities and Public Employees" to the Government Code. This law established broad guidelines by which the State shall administer and pay tort liability claims.

In general, as the law pertains to the State of California, claims are presented to the State Board of Control and, if approved, are paid by the Department of Justice. If a claim is not approved, the claimant may bring court action against the State agency involved or its officers or employees to obtain settlement. If such action is brought, the head of the State agency concerned, upon recommendation of the Attorney General or other attorney authorized to represent the State, may settle, adjust, or compromise the claim under provisions of Section 948 of the Government Code. The claim will then be paid by the Department of Justice. Similarly, tort liability judgments against the State are also paid by the Department of Justice.

Each year, the Budget Act includes support for the administration, investigation, adjustment, defense, and payment of tort liability claims, settlements, compromises, and judgments against the State, its officers and employees or for the purchase of insurance protecting the State, its officers, and employees against such tort liability claims. Judgments and/or costs of suit are not to be paid out of feeder funds. A specific amount is appropriated from the General Fund to be available to the Department of Justice for agencies supported from that fund. Unspecified amounts from each Special Fund sufficient for agencies supported from those funds are also appropriated.

The appropriation is made to the Department of Finance for expenditure or allocation at its discretion. Accordingly, it has established the following concerning tort liability payments:

General Fund

The Department of Justice is authorized to pay claims approved by the Board of Control, claims pursuant to Section 948 of the Government Code (these are claims that have been denied by the Board of Control and have been settled by the Attorney General and approved by the agency), and judgments up to \$35,000 in principal amounts without approval of the Department of Finance.

Department of Finance approval is required for all claims which exceed \$35,000 in principal amount which have been approved by the Board of Control, claims settled pursuant to Government Code Section 948, or judgments awarded by the courts. The \$35,000 limitation applies to the principal only. Court awarded interest and court costs, if any, are additional.

Each approved settlement or judgment whose principal exceeds \$70,000 shall be paid from special appropriation legislation.

Special Funds

Department of Justice shall pay claims and judgments under the following conditions for all special fund agencies, except the Department of Transportation.

- o Up to \$35,000 in principal amount for settlements made by the Board of Control. Advance approval is given by Department of Finance.

(Continued)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

TORT LIABILITY PAYMENT PROCEDURE

8712 (Cont. 1)

(Revised 3/89)

- o Settlements under Section 948 of the Government Code up to \$35,000 in principal amount. Advance approval is given by Department of Finance.
- o Department of Finance approval will be required for each settlement in excess of \$35,000 in principal amount. Prior to Finance approval, the Department of Justice will have obtained assurance from the agency that funds are available.
- o Each approved settlement or judgment whose principal exceeds \$70,000 shall be paid from special appropriation legislation.

Each special fund agency shall forward to the Department of Justice written authorization to pay tort liability claims. These authorizations shall be effective until revoked. They should be submitted in duplicate and should be in the following format:

AUTHORIZATION TO PAY TORT LIABILITY CLAIMS AGAINST SPECIAL FUND

The (Department, Board or Commission) hereby authorizes the Attorney General to file a claim schedule with the Controller requesting payment of all claims approved by the Board of Control arising under Chapter 1681 of the Statutes of 1963 and of all settlements, adjustments, compromises of any pending actions concluded pursuant to Section 948 of the Government Code, or judgments pertaining to the activities of said agency and payable from the _____ Fund; provided that prior to the filing of claims schedules the (Department, Board or Commission) will certify that funds are available.

(Department Head)

(Date)

The Department of Justice will retain one copy of the authorization and forward the second to the State Controller.

The Department of Justice shall forward the Claim Schedule to the State Controller and retain an extra copy in a holding file. Upon Justice's receipt of Notice of Claim Paid, the Claim Schedule in the holding file, along with a copy of Notice of Claim Paid, will be forwarded to the agency involved to notify them that a claim has been filed and paid.

Upon receipt of its copies of the Claim Schedule and Notice of Claim Paid the agency will account the claim as if the agency had filed it and account for the payment of the claim. This accounting entry will be a consolidation of Std. Entries 4 and 6. (Debit 9000 Appropriation Expenditure; Credit to 1140 Cash in State Treasury or 5570 Fund Balance—Clearing Account.)

An account entitled "Tort Liability Claim Expenditures" will be established in the subsidiary Allotment-Expenditure Ledger at the same time the above entry is made. Since no specific appropriation was made to the agency, no entries will be made in the allotment, unliquidated encumbrances, or unencumbered balances. The expenditure will be entered as an expenditure to keep the Allotment-Expenditure Ledger in balance with the General Ledger account.

Tort Liability Claim expenditures will be shown as a separate item at the end of agency budget reports. Totals of all columns will precede this item. It will be followed by a grand total of the expenditure column.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

PLANS OF FINANCIAL ADJUSTMENT

8715

(Revised 3/87)

Plans of financial adjustment pursuant to Section 11251 of the Government Code are divided into two types namely, (1) plans involving adjustments between appropriations of the same fund and (2) plans involving adjustments between appropriations of different funds.

Agencies will account the former type plans by making the following entries at the time of receipt of the Controller's Journal Entries and as of the dates of such documents:

Debit:

9000 Appropriation Expenditures (or other appropriate expenditure account)

Credit:

8100 Reimbursements (or other reimbursement account)

Agencies will account the latter type plans as follows:

1. At time of requesting transfer:

Transferee Fund

Debit:

1312 Accounts Receivable—Reimbursements

Credit:

8100 Reimbursements

Transferor Fund

Debit:

9000 Appropriation Expenditures

Credit:

3010 Accounts Payable

2. Upon Receipt of the Controller's Transfer:

Transferee Fund

Debit:

1140 Cash in State Treasury

Credit:

1312 Accounts Receivable—Reimbursements

Transferor Fund

Debit:

3010 Accounts Payable

Credit:

1140 Cash in State Treasury

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

SALES TAX

8720

(Revised 12/01)

State agencies selling tangible personal property, regardless of the amount or frequency, are required to collect sales tax if the transaction is taxable as defined by rules and regulations of the Board of Equalization (BOE). State agencies selling tangible personal property, taxable or not, are required to (1) obtain seller's permits from the BOE (2) file sales and use tax returns with the BOE on a quarterly, calendar year, or fiscal year basis depending on the amount of tax due, and (3) remit sales tax to the BOE based on taxable sales during the reporting period. All sales during a reporting period will be reported, regardless of whether payment was received during that period.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

SELLER'S PERMIT

8721

(Revised 12/01)

Obtain seller's permits, free of charge, by applying to the BOE. Consolidate sales from several locations within an agency in a single return under one seller's permit. State agencies reporting both sales and use tax will do so under the seller's permit. Application forms for a seller's permit can be obtained from the BOE Information Center and Faxback service at 1-800-400-7115 or downloaded from the BOE website at <http://www.boe.ca.gov/>.

NONTAXABLE SALES

8722

(Revised 12/01)

Nontaxable sales will be supported by exemption certificates, resale certificates, shipping documents, or other evidence. Nontaxable sales include, but are not limited to, sales (1) to the United State Government and its instrumentalities, (2) for resale by the purchaser, (3) made in interstate commerce, and (4) of food products for human consumption or feed for food animals. Tax does not apply to sales of food animals. Food animals are considered to be those animals, birds, or insects commonly used in producing food items that people eat, such as meat products, dairy products, eggs, and honey. Examples of food animals include cattle, sheep, swine, chickens, hatching eggs, rabbits, ostriches, emus, fish, and bees. Tax does apply to retail sales (including sales for breeding purposes) of any form of animal life that does not meet the definition of a food animal, for example, cats, dogs, horses, mink, tropical fish, and pet birds.

State agency sales of used vehicles that are required to be registered under the Vehicle Code (typical cars and trucks for highway use) are not subject to sales tax.. The purchaser must pay use tax to the Department of Motor Vehicles, who acts on behalf of the BOE, when the purchaser registers the vehicle.

Sales to political sub-divisions of the State are subject to sales tax.

A transfer of tangible personal property between State agencies is not considered a sale and not subject to tax since title to the property remains with the State of California.

Refer all sales tax questions to the BOE Information Center at 1-800-400-7115, through the BOE website at <http://www.boe.ca.gov/>, or by mail to the State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0040.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR SALES TAX

8725

(Revised 12/01)

Accounting for sales tax by funds for other than Governmental Funds varies depending on the type of operation. The following instructions apply to Governmental Funds.

Sales tax billed or collected will be considered as an expenditure and/or abatement to the appropriation available for State operations at the time of sale. The amount of sales tax billed or collected will be credited to Account No. 9000, Appropriation Expenditures, and to a separate sales tax allotment account that will be established in the Allotment-Expenditure Ledger.

At the end of each reporting period, a claim payable to the BOE for the amount of sales tax liability computed on the sales and use tax return will be prepared. This claim will include any use tax liability that accrued during the reporting period. See SAM Section 8732. The sales tax liability will be charged to Account No. 9000, Appropriation Expenditures, and to the sales tax allotment account in the Allotment-Expenditure Ledger. See SAM Section 8733 for use tax accounting instructions. The filing of this claim may result in a small debit or credit balance in the sales tax allotment account. This is due to overages or shortages in individual amounts of tax collected in relation to the total sales tax liability for the reporting period. State agencies will not be required to submit budget revisions for small debit balances in the sales tax allotment account after filing this claim.

USE TAX**8730**

(Revised 06/13)

State departments will report and pay to the Board of Equalization (BOE) the amount of use tax due on purchases made from retailers who do not maintain a place of business in California. The California Contract Public Code (CPC) section 10295.1(a) provides that a state department shall not contract for the purchase of tangible personal property from a vendor, contractor, or an affiliate of a vendor or contractor, unless that vendor or contractor and all its affiliates that make sales for delivery into California are holders of a California seller's permit or are holders of a certificate of registration for use tax. A state department is exempt from the provisions of subdivision (a) if the executive director of that state department or a designee makes a written finding that the contract is necessary to meet a compelling state interest. A compelling state interest includes, but is not limited to, the ensuring of essential services such as public health, safety, and welfare, or responding to an emergency. See CPC section 1102.

When a state department is exempted from the provisions of CPC section 10295.1(a) those departments will report and pay to the BOE the amount of use tax due on purchases made from retailers who are not registered to collect the use tax. Those departments who, in limited circumstances, purchase from an unregistered vendor must obtain a Consumer Use Tax Permit from the BOE. To register for a Consumer Use Tax Permit go to the BOE's online registration page located at <https://efile.boe.ca.gov/ereg/index.boe> and select "Register a business activity with BOE." Departments that use property purchased with a resale certificate will also report and pay use tax on their purchases. The BOE requires departments to efile their sales and use tax return on either a quarterly, calendar year, or fiscal year basis, depending upon the volume of transactions per month generated by the department. Purchases made for several locations within a department will be consolidated into a single return to the BOE under one Consumer Use Tax Permit. Departments that are required to register with BOE for a seller's permit will use the BOE's online registration page.

State departments that have a seller's permit or a Consumer Use Tax Permit will file their sales and use tax or consumer use tax return online using the BOE's efilings system. The BOE's efilings system allows for departments to properly allocate the 1% Uniform Local Sales and Use Tax and district taxes. For information on efilings of sales and use tax returns, go to the BOE's webpage at <http://www.boe.ca.gov/electsrv/efiling/sutd.htm>

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

RECORDING DATA USED TO DETERMINE CONSUMER USE TAX

8731

(Revised 06/13)

State departments will identify payments subject to the consumer use tax by entering on the line containing such a payment an asterisk immediately to the right of the "Amount" column on the Claim Schedule, STD. 218. The total net purchase price of all items in the claim schedule subject to use tax will be entered in the box titled "Total Subject to Use Tax." If the claim schedule is to reimburse a department's revolving fund (use Replenishment Claim Schedule, STD. 219TT), the asterisk will be entered after the applicable item on the adding machine tape for revolving fund invoices accompanying the claim schedule.

The amount of use tax payable will not be included in the total claimed as shown on the Claim Schedule, STD. 218. Do not increase the vendor's invoice by the amount of the consumer use tax due.

For each claim schedule containing vendors' invoices subject to the use tax, departments will complete a Consumer Use Tax Form. The information will include the Board of Equalization (BOE) reporting period, department name, fund code and title, state fiscal year, appropriation item number, claim schedule number and date, brief description of item purchased, net purchase price, and the county to which the use tax is due. The Consumer's Use Tax Form is shown as [8731 Illustration](#). A separate Consumer Use Tax Form is required for each fund, appropriation and reporting period. The amount of the tax due will not be computed by the department or shown on each Consumer Use Tax Form. The Consumer Use Tax Form will be retained by the department until a State, Local and District Consumer Use Tax Return, BOE-401-E, is efiled. See SAM section 8732.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

Consumer Use Tax Form

Payable to: STATE BOARD OF EQUALIZATIONFor the Reporting Period
Ending

Agency	Payable from	Appropriation	Chapter	Statutes	Item	Fiscal Year
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[illegible]

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

PAYMENT OF CONSUMER USE TAX

8732

(Revised 06/13)

Consumer Use Tax Forms will be scheduled for payment of use tax to the State Board of Equalization (BOE) by the state department simultaneously with the efilings of the State, Local, and District Consumer Use Tax Return (Consumer Use Tax Return), BOE-401-E. A separate claim schedule will be filed for each fund and appropriation from which such payment will be made. Departments will not submit copies of the Consumer Use Tax Form to the BOE.

The claim schedule, with a copy of the confirmation page from the electronic filing of the Consumer Use Tax Return and the payment voucher will be enclosed in a remittance advice envelope and submitted to the State Controller's Office (SCO). Departments will prepare as an additional enclosure a list of vendors, including name and address, from which frequent purchases are made which are subject to use tax. The department's duplicate copies of Consumer Use Tax Form will be attached to the department's copy of the claim schedule. Departments will enter the number of the claim schedule on their copy of the confirmation page of the Consumer Use Tax Return, BOE-401-E.

If more than one claim schedule is submitted to pay the total tax due, the Consumer Use Tax Return, BOE-401-E, confirmation page and payment voucher will be placed in a remittance advice envelope attached to one of the claim schedules. A special mailing request stating, "Please mail warrant in payment of our claim schedules numbers _____, _____, and _____, with the payment voucher and confirmation page accompanying claim schedule number _____," will be attached to the remittance advice envelope accompanying each of the related claim schedules. All claim schedules requesting payment of use tax due relating to the Consumer Use Tax Return, BOE-401-E, will be clipped together and will have a note attached by the department requesting that the claim schedules be kept together until audited by the SCO.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR USE TAX

8733

(Revised 12/01)

Use tax paid to the BOE for operating expenses and equipment items purchased from support appropriations will be accounted for in the Allotment-Expenditure Ledger as "General Expense" of the same appropriation as that from which the item was purchased, except that a State agency may account for use tax on equipment items as an expenditure against the equipment allotment instead of "General Expense" if use tax on equipment purchases is significant in amount.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

STATE ADMINISTERED UNIFORM LOCAL SALES AND USE TAXES

APPLICATION OF STATE-ADMINISTERED UNIFORM LOCAL SALES TAXES TO STATE AGENCY SALES

8734.1

(Revised 12/01)

State agencies making sales of tangible personal property are required to report and pay to the BOE the 1 percent uniform local sales tax on sales. State agencies selling from more than one location should obtain sub-permits for each location from the BOE. The local tax on sales from multiple locations must be apportioned to the appropriate counties on Schedule B Form, BOE-531. See SAM Section 8734.5. Consequently, each agency should maintain a record of sales for each sales location.

The tax on sales of tangible personal property consist of the 1 percent uniform local sales tax and the appropriate district transactions tax and the combined state and county sales tax.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

APPLICATION OF STATE-ADMINISTERED UNIFORM LOCAL USE TAXES

8734.3

(Revised 12/01)

State agencies will report and pay the 1 percent local use tax to the BOE in the same manner as prescribed for reporting the State use tax. The local use tax must be reported to the BOE by the county where the property is used. The tax due for each county, as shown on the Detailed Allocation by County of 1 percent Uniform Local Use Tax, Schedule E, Form BOE-401-E will be determined by obtaining the sum of purchase prices for each county from the individual entries listed on the Consumer Use Tax Form (see SAM Section 8731.) and multiplying these sums by the 1 percent tax rate.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING AND REPORTING STATE-ADMINISTERED UNIFORM LOCAL SALES AND USE TAXES

8734.5

(Revised 12/01)

The procedures prescribed for accounting, claim preparing, reporting, and paying the State sales and use taxes are also applicable to the State-administered uniform local sales and use taxes. See SAM Sections 8720–8733. State agencies reporting local tax on sales or on property used at multiple locations will allocate the local tax to the places of sales or places of use on the State, Local, and District Consumer Use Tax Return form, BOE-401-A.

State agencies that do not have multiple sales locations will allocate the local tax, for incidental sales and for purchases made in locations other than the permit location, to the county of use on Schedule B Form, BOE-531 or Schedule E Form, BOE-531. Sales or purchases made at the permit location will be entered on line B2 or E2 at the bottom of Schedule B or Schedule E.

Local use tax which cannot be readily identified by county or which should be distributed statewide will be entered after the last county listed on Schedule B or E and will be identified as "Statewide 5999."

State agencies filing invoices for the local use tax due in the same Claim Schedule as the vendor's invoice to which the tax applies will use Consumer Use Tax Form as prescribed in SAM Section 8731.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

STATE-ADMINISTERED DISTRICT TRANSACTIONS (SALES) AND USE TAXES (Revised 12/01)

8735

Numerous counties have enacted ordinances establishing special taxing districts that impose transactions (sales) and use taxes on the sales and/or purchases of tangible personal property in or for use within the district. Various laws authorize counties to establish districts for transportation, jails, and for other governmental services. See SAM Section 3574.3

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

APPLICATION OF STATE-ADMINISTERED DISTRICT TRANSACTIONS (SALES) TAX TO STATE AGENCY SALES

8735.1

(Revised 12/01)

As of the effective date of the district taxing ordinance, State agencies selling tangible personal property within the district for use within the district will collect the appropriate transactions and use taxes from the consumers. State agencies selling tangible personal property from locations in one county that are delivered into counties that have these district taxes are required to report and pay to the BOE the transactions and use taxes applicable in the county where the delivery is made.

Delivery charges subject to the State sales tax are also subject to the district transactions tax. This district tax does not apply to fixed price sales contracts executed before the effective date of the ordinance if neither party has the unconditional right to terminate the contract.

The tax on tangible personal property sold within the district will consist of the appropriate district transactions tax, the 1 percent uniform local tax, the 1/4 percent county transportation tax, and the state sales tax.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

APPLICATION OF STATE-ADMINISTERED DISTRICT USE TAX

8735.2

(Revised 12/01)

After the effective date of the district taxing ordinance, State agencies will report to the BOE and pay the district use tax applicable to purchases in the same manner as prescribed for reporting the State use tax. The district use tax is applicable to purchases of tangible property to be used within the district, but purchased from vendors located outside the district who do not hold certificates of authority to collect use tax. The district use tax does not apply to fixed price sales contracts executed before the effective date of the ordinance if neither party has the unconditional right to terminate the contract.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

APPLICATION OF STATE-ADMINISTERED DISTRICT USE TAX TO PURCHASE FOR TEMPORARY STORAGE 8735.3 (Revised 12/01)

State-administered transit district use tax does not apply to storing, keeping, retaining, processing, fabricating or manufacturing of tangible personal property for subsequent use solely outside the State or for subsequent use solely outside the district imposing a use tax. The tax does apply when purchases are withdrawn from storage for use within the transit district.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING AND REPORTING STATE-ADMINISTERED DISTRICT TRANSACTIONS (SALES) AND USE TAXES 8735.4 (Revised 12/01)

The procedures prescribed for accounting, claim preparation, reporting and paying the State sales and use taxes are also applicable to the State-administered district transactions (sales) and use taxes. See SAM Sections 8720 through 8733.

State agencies reporting district use tax on sales or on property used at multiple locations will allocate the district use tax to the place of sales or places of use on the Computation Schedule for District Tax, Schedule A, of the State, Local, and District Consumer Use Tax Return form, BOE-401-A. The Computation Schedule for District Tax, Schedule A, is used to determine the amount of tax, if any, that should be distributed to entities imposing district tax. For information on how to apply district taxes, request a copy of Tax Tips for District Tax, Pamphlet 44, from the BOE.

PERSONAL PROPERTY TAX

8736

(New 3/77)

Effective August 19, 1975, Management Memo 75-31 set forth the state's policies and procedures regarding payment of personal property tax liability. As pointed out, that liability is generally not the responsibility of the State.

The State is exempt from property taxation under California Constitution Article XIII, Section 3(a). Any obligation for property tax on state leased equipment would exist, if at all, only as a result of an express provision of the lease agreement. Payments would not be made directly to taxing authorities, if the lease obligation existed but would be limited to reimbursing the lessor for actual tax payments which the lessor could prove had been made.

A review must be made of each individual lease under which reimbursement of property taxes is claimed to ascertain whether reimbursement should be made. Provisions in a lease adding "applicable state and local taxes" to the monthly rental relate to sales and use taxes and do not encompass personal property taxes.

Any lease clause, such as those on lessor order forms or other documents extraneous to the approved lease, which purports to require the State to reimburse the lessor for personal property taxes is not a valid basis for reimbursement unless the order form or document was included in the lease when approved or has been executed by the State and approved in the same way as the original lease.

If a copy of a personal property tax bill is received, the bill should be forwarded for payment to the lessor named in the bill. No payment should be made by the State. If, after payment of the taxes, the lessor submits a properly documented claim for reimbursement and the lease so provides, the lessor can be reimbursed for the taxes applicable to the lease term.

In some instances personal property tax bills will be received on equipment which was on lease but which was purchased by the State prior to the tax lien date of March 1st. In such a case the property would be tax exempt and the bill should be returned to the taxing authority with a letter notifying it of the change in ownership. Such notice should include the date on which the state's purchase was made.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

FEDERAL USE TAX ON CIVIL AIRCRAFT

8737

(New 10/79)

The Airport and Airway Revenue Act of 1970 imposes an annual tax on the use of all taxable civil aircraft. Aircraft owned by the State, including helicopters, are taxable civil aircraft. Aircraft of the National Guard are not considered taxable civil aircraft. Each State agency who operates aircraft is liable for this tax and is responsible for filing their own tax return.

The yearly taxable period begins on July 1 and ends the following June 30 for taxable civil aircraft in use during the reporting period. The tax return is filed on a Federal Use Tax Return on Civil Aircraft, Form 4638. The return is due on or before the end of August. If an additional aircraft is put in use after July, an additional return is due before the end of the month following the one in which that aircraft is first used. The return is filed with the Internal Revenue Service, and forms are available from any Internal Revenue office. If a return was filed in the prior taxable period, a pre-addressed form should be received by mail for filing in the current taxable period.

Additional information on this tax is contained in Federal Publication 582, Federal Use Tax on Civil Aircraft, which is available from the Internal Revenue Service.

To Lessor:

This office received the attached copy of your personal property tax bill for the equipment leased by the State and installed at the location indicated. If you have not already received the original of this bill, the enclosed will serve as notice of the amount due.

Since the State is not subject to local property taxation, you are responsible and must pay directly any amounts assessed against equipment owned by your company in order to avoid the delinquencies and penalties recited in the bill. The state's equipment leases do not usually provide for separate reimbursement of personal property taxes. However, if you believe your lease on the subject equipment contains provisions for reimbursement, a claim for the amount of the taxes paid by you should be submitted in accordance with the applicable billing procedure. The claim should include a copy of the tax bill, the receipt in payment of the tax bill or other acceptable evidence of payment, and identification of the lease provisions or other basis obligating the State to make reimbursement. Provisions in a lease adding "applicable state and local taxes" to monthly lease payments or unapproved provisions on lessor order forms relating to tax payments do not afford a basis for reimbursement of property tax payments.

Sincerely

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

BILLING FOR SERVICES OF EMPLOYEES PAID ON MONTHLY BASIS

8740

(Revised 3/14)

Below is the formula for determining hourly rates when departments bill for services of employees paid on a monthly basis on or after January 1, 2014. The number of hours to be deducted for Saturdays, Sundays, holidays, and the state contribution for staff benefits are provided. Vacation, annual leave, personal leave program, sick leave, bereavement leave, informal time off, jury duty leave, military leave, furlough leave, and professional development leave will be compiled and averaged by the department for this computation.

This formula provides for billing only for hours actually worked. The formula does not include an amount for such costs as identifiable operating expenses incurred in rendering the service, charges for other than incidental use of equipment, overhead, and other costs. In addition, Workers' Compensation, Industrial Disability, Unemployment Compensation, and Life Insurance benefits are not included in the formula since these expenses can vary substantially among departments. However, such costs should be included in billing for services in accordance with SAM sections 8752.1 and 8758.

HOURLY BILLING RATE CALCULATIONS

CALENDAR YEAR	365 days x 8 hours =	2920
hrs. LESS DEDUCTIONS		
Saturdays	52 days x 8 hours =	416 hrs.
Sundays	52 days x 8 hours =	416 hrs.
Holidays	12 days x 8 hours =	96 hrs.
New Year's Day	Labor Day	
Martin Luther King Jr. Day	Veteran's Day	
President's Day	Thanksgiving Day	
Cesar Chavez Day	Day After Thanksgiving	
Memorial Day	Christmas Day	
Independence Day	Personal Holiday	
Other Absences (averages):		
Vacation/Annual Leave*		
Personal Leave Program (PLP)*		
Miscellaneous – Sick, Bereavement, Informal Time Off,		
Jury Duty, Military, Furlough Off, Professional Development Leave*		
Subtotal Vacation, PLP and Miscellaneous Absences		_____
TOTAL DEDUCTIONS (include all amounts calculated under Deductions)		_____
TOTAL ACTUAL WORKING TIME PER YEAR (2920 hrs. less —Total Deduction)		_____

*Statewide data is not available. Each department, based on previous experience and expertise, must compile the information for Other Absences. Remember to calculate a separate average for each type of Other Absences (i.e. average vacation/annual leave, average PLP, and average miscellaneous absences).

STATE'S STAFF BENEFIT CONTRIBUTION PERCENTAGES

(Effective January 1, 2014)

Employee's Retirement	21.20
OASDI	6.20
Medicare	1.45
Health, Vision, and Dental Benefits	14.86
Total Percent	43.71 ^{1/}

(Continued)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

BILLING FOR SERVICES OF EMPLOYEES PAID ON MONTHLY BASIS

8740 (Cont.1)

(Revised 3/14)

FORMULA FOR CALCULATING HOURLY BILLING RATE:

(Monthly Salary Rate x 1.4371) divided by
("Total Actual Working Time per Year" divided by 12)

Note: Monthly Salary Rate should be adjusted as necessary to reflect (average) salary reductions for PLPs and furloughs.

Formula for calculating daily rate for 2,000 hours or less per year:

The number of working hours per month is not appropriate for employees not expected to work 2,000 hours per year, less vacation and sick leave. In such instances, an estimate of actual working time per month or year, considering average holiday, vacation, and sick leave should be used. For example, billing rates for academic year employees, such as college instructors, would be computed on the basis of the number of workdays in a year, less the average of sick leave usage. (Holidays and vacation are not considered in this instance since they are considered in determining the number of working days.)

Daily Rate = (Annual Salary Rate x 1.4371) divided by (Working Days per Year - Average Sick Leave Days Used per year)

Hourly Rate = Daily Rate divided by 8

1/Note: The 43.71 percent rate is applicable only to employees who are Miscellaneous Tier 1 members of the Public Employees' Retirement System. For those employees who are not Miscellaneous Tier 1 members, but who still belong to Social Security, their appropriate retirement contribution rate will be substituted for the 21.20 percent rate. Those employees who are not Miscellaneous Tier 1 members and who do not belong to Social Security will include their appropriate Medicare and retirement rates, and health, vision, and dental benefit rates. For example, the appropriate total rate for members of the Safety Retirement Category who do not belong to Social Security is 34.22 percent consisting of:

- (1) 17.91 percent for retirement contributions from the appropriations of the employing departments
- (2) 1.45 percent for Medicare
- (3) 14.86 percent for health, vision, and dental benefits

This 34.22 percent figure will be used in lieu of the 43.71 percent figure shown above. State departments with employee members in different retirement categories may use a composite employer contribution rate, based on department experience. Also, any department may use other rates for OASDI, Medicare, and health, vision, and dental benefits if more accurate rates can be determined from the actual experience of their operations.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

REFUNDS OF GASOLINE TAX TO STATE AGENCIES

GENERAL

8745.1

(Revised 2/83)

Sections 8101/8107 of the Revenue and Taxation Code provide for refunds of the State motor vehicle fuel tax to purchasers who use such fuel for certain nonhighway purposes. Refunds are at the rate of seven cents per gallon through December 1982 and nine cents per gallon of fuel purchased January 1, 1983 or later, except with respect to aircraft where the refunds are at the rate of five cents per gallon. "Motor vehicle fuel" includes gasoline or similar inflammable liquid which is used in an explosion type of engine, but does not include diesel, kerosene, or liquified petroleum gas.

Gasoline tax refunds will be claimed when substantial quantities of fuel are used in equipment (except boats) of the following two categories:

1. Equipment not required to be licensed for highway use by the Department of Motor Vehicles such as tractors, aircraft, lawnmowers, farming equipment, etc., and engines used for pumping, air compressing, auxiliary power units, etc.
2. Equipment licensed for highway use but which is substantially used off the highway such as dump trucks, fire trucks, pickups, etc. Records and documents needed to support refund claims on fuel for motor vehicles which are used both on and off the highway and which is purchased from vendors' pumps may make such claims uneconomical.

RECORDS**8745.2**

(Revised 5/71)

Original fuel purchase invoices must be submitted with the refund claim. The following records will be maintained to support the gasoline tax refund claimed:

1. Agency issue tags or requisitions for fuel pumped from the agency's storage tank. These documents will show the date the fuel was placed in the equipment, identification of the equipment, and gallonage.
2. Trip tickets and working papers showing calculations based on reasonable data to support quantities of fuel used in motor vehicles operated both on and off the highway.

In cases where the fuel is delivered directly into equipment tanks by the vendor, the original invoice will constitute the usage record. Where the fuel is delivered by the vendor in drums or into an agency storage tank, issue tags and trip tickets or calculations are the usage records and will support the applicable original invoice.

REFUND CLAIMS**8745.3**

(Revised 10/66)

Gasoline tax refund claims are administered by the State Controller's Division of Accounting and Reporting and are subject to audit by the office. State Controller's Form SCGR-I must be used. Departments will file claims at least annually since the law provides that a claim must be filed within thirteen months of the date fuel was purchased.

Gasoline tax refund claims will be supported by original invoices. Monthly or other periodic billings covering several purchases will not be accepted in support of the refunds. When a claim for refund of motor vehicle fuel taxes is to be filed, the original invoice will be used to support this claim and a duplicate invoice used to support the claim to pay the vendor's bill. The duplicate invoice will bear the notation "Original invoice retained for use in filing claim for refund of motor vehicle fuel taxes." This procedure is acceptable to the State Controller's Office. The department may prepare a third copy of the invoice for its files.

Since tax refunds on fuel used to operate aircraft are payable from the Aeronautics Account, separate claims will be filed requesting such refunds.

All documents pertaining to the refund claim will be retained for audit for a period of four years after the refund claim is filed.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR REFUNDS (Renumbered 2/65)

8745.4

The refunds will be abated to the appropriation current for the period of usage for which the claim is being filed.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

FEDERAL MOTOR VEHICLE FUEL TAX

8745.5

(Renumbered 2/65)

The state is exempt from Federal Excise Tax on motor vehicle fuel.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

CONTINGENT REFUNDS UNDER AGREEMENTS FOR INSTALLATION OF UTILITY SERVICE LINES

8750

(Revised 6/85)

It is common in agreements with utility companies for installation of service lines to provide for refunds to the state in the event that other customers later be connected to the utility line serving the state agency. The right of refund is usually for a ten-year period and is limited to the total amount of the payment under the agreement.

Accounting control over these contingent receivables will be maintained in memorandum accounts of the agency. When such agreements are negotiated, the contingent receivable will be recorded in the accounts for the total amount of the installation cost as set forth in the contract. Copies of the agreements can be filed as the subsidiary detail of the contingent receivables account.

The Office of the State Architect will furnish the agency a copy of each agreement providing for refunds negotiated by that office in connection with the construction contracts.

Contingent receivables will be recorded in memorandum accounts by the following entry:

Dr. 1380	Contingent Receivable	
	Cr. 5390	Other Reserves

Refunds received during the term of the agreement will be remitted to the State Treasury as abatements to the appropriation from which the installation cost was paid, or if that appropriation has reverted, as refunds to reverted appropriations. At the time the abatements are recorded, entries will be made to reduce the balances in Accounts No. 2331 and 5200 and the above memorandum accounts.

Upon expiration of the agreement the agency will check with the utility company to determine whether it is entitled to any further refund. Then any unrefunded balance will be canceled by debiting Other Reserves and crediting Contingent Receivable.

CONTINGENT AND REAL LIABILITIES

8751

(Revised 2/98)

A contingent liability is defined as an obligation relating to a past transaction or event that may be payable in the future. The distinction between a real liability and a contingent liability depends on the certainty of the payment to be made. A real liability exists when it is probable that the payment will be made. A contingent liability exists when it is only possible that the payment will be made.

Real liabilities payable from an existing appropriation must be recognized at year-end even though the amount may be estimated in whole or part. Real liabilities not properly payable from an existing appropriation will be reported as payable from a future appropriation.

A statement of all contingent liabilities and liabilities payable from a future appropriation will be prepared at year-end. These liabilities will be reported in Statement No. 22, Statement of Contingent Receivables and Contingent Liabilities. See SAM Section 7979. Agencies will establish appropriate memorandum accounts as a record of these liabilities.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

FULL COST RECOVERY POLICY

8752

(Revised 2/99)

The state policy is for departments to recover full costs whenever goods or services are provided for others (Requirements for General Fund departments are included in Government Code (GC) Sections 11010 and 11270). This policy, which applies to all departments regardless of funding sources, is to be followed in all cases except where statutes prohibit full cost recovery.

The full cost of goods or services includes all costs attributable directly to the activity plus a fair share of indirect costs which can be ascribed reasonably to the good or service provided. SAM Section 8752.1 contains a discussion of the cost elements to include.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

COST ELEMENTS INCLUDED

8752.1

(Revised 09/09)

Include the following costs in charges for goods and services:

Department direct costs

Department indirect (overhead) costs

Central service costs

1. Department direct costs are those which can be identified specifically with a particular cost objective, such as:
 - a. Personal services costs incurred in meeting the cost objective (personal services costs will include the fringe benefit factors prescribed in SAM Section 8740).
 - b. Operating expenses and equipment costs incurred in meeting the cost objective, such as the cost of contracts, travel expenses, etc.
2. Department indirect (overhead) costs are those support costs which benefit more than one cost objective/organizational unit. These costs are accumulated and allocated periodically to the cost objective/organizational units which benefit from the support activity/function. Departmental indirect costs include:
 - a. Personal services costs of unit, bureau, division, and department administrative, supervisory, and executive staff.
 - b. Personal services costs of support units, including clerical support, housekeeping, etc.
 - c. Operating expenses and equipment costs not included as part of department direct costs.
3. Central service costs are costs incurred by central service departments (e.g., Department of Finance, State Controller's Office, State Personnel Board, etc.) for the benefit of state departments. See SAM Section 8753 for more information on central service costs.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

CENTRAL SERVICE COSTS

8753

(Revised 06/13)

Central service costs are those amounts expended by central service departments and the Legislature for overall administration of state government and for providing centralized services to state departments. These functions are necessary for state operations and are centralized to provide efficient and consistent statewide policy and services. Central service departments are:

California State Auditor's Office	Legislative Counsel Bureau
California State Library	Legislature
California Department of Technology	Office of Administrative Law
Department of Finance	Office of Planning and Research
Department of Human Resources	Secretary of the California Health and Human Services Agency
Department of Justice	State Controller's Office
Financial Information System for California	State Personnel Board
Governor's Office	State Treasurer's Office
Health Benefits for Annuitants (Retired)	
Dental Benefits for Annuitants (Retired)	

Central service costs are funded by the General Fund and the Central Service Cost Recovery Fund appropriations made to each central service department. The central services benefit most funds/departments. For equity, Government Code sections 11270–11277 and 22883 provide for the sharing of central service costs by funds other than the General Fund and the Central Service Cost Recovery Fund. This cost sharing process is titled formally as "General Administrative Costs" but is known more commonly as "Pro Rata." See explanation in SAM section 8754.

In addition to administering the Pro Rata central service costs sharing, the Department of Finance, Fiscal Systems and Consulting Unit (FSCU), prepares a Statewide Cost Allocation Plan (SWCAP) each year. SWCAP is a cost allocation plan which apportions federally allowable central service costs to departments. Therefore, differences exist in the central service costs contained in the two plans.

(Continued)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

CENTRAL SERVICE COSTS

8753 (Cont. 1)

(Revised 06/13)

The central service functions included in Pro Rata and SWCAP are listed below:

Central Service Function	Central Service Plans		
	Pro Rata Only	SWCAP Only	Both
Department of Finance:			
Audits			X
Budgets			X
California State Accounting and Reporting System (CALSTARS)		X	
California Technology Agency			X
State Controller's Office:			
Accounting			X
Claim Audits			X
Payroll			X
General Disbursements			X
Field Audits			X
Personnel/Payroll Systems and Development			X
State Treasurer's Office:			
Investment	X		
Banking			X
Cash Management and Trust Services			X
Financial Information System for California		X	
State Personnel Board			X
Department of Human Resources			X
Office of Administrative Law			X
California State Library			X
Health Benefits for Annuitants (Retired)			X
Dental Benefits for Annuitants (Retired)			X
Secretary of the California Health and Human Services Agency			X
California State Auditor's Office			X
Department of Justice		X	
Legislature	X		
Legislative Counsel Bureau	X		
Governor's Office	X		
Office of Planning and Research	X		

The costs of the above central services are apportioned on the basis of services provided. To do this, FSCU determines the most appropriate workload base for each central service. Actual workload units are accumulated for each department. Then, central service costs are apportioned to the departments/funds on the basis of these workload units.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

GENERAL ADMINISTRATIVE COSTS (PRO RATA)

8754

(Revised 09/09)

General Administrative Costs will be referred to as Pro Rata. As mentioned in SAM Section 8753, Pro Rata is the sharing of central service costs by funds other than the General Fund and the Central Service Cost Recovery Fund.

The cost of each central service is apportioned to departments. Then, each department's total central service costs are allocated to the department's funding source(s).

The Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU) classifies funds as nonbillable or billable. In general, nonbillable funds are those whose funding source is the General Fund or a federal fund. Billable funds are funded by special revenue sources such as fees, licenses, penalties, assessments, etc.

FSCU calculates Pro Rata costs for both billable and nonbillable funds. The total Pro Rata cost information is supplied to departments so that full departmental/program costs can be determined. The reports are available at website: [Http://Www.Dof.Ca.Gov/Fisa/Proswcap/Proswcap.Htm](http://Www.Dof.Ca.Gov/Fisa/Proswcap/Proswcap.Htm). Full cost information is particularly important when nonbillable funding sources provide and recover full costs for reimbursable services. See SAM Section 8756 for more information on the State's full cost recovery process.

Each year, Finance certifies Pro Rata costs to be charged to billable funds. The certification is sent to the State Controller's Office (SCO). The SCO notifies each department of the impending Pro Rata assessments for each of its billable fund(s). Departments have thirty days from the SCO notification date to request deferral of Pro Rata charges. Departments will send all deferral requests to the SCO. The SCO will transmit one copy of the department's deferral request to the Finance FSCU, and will defer any transfer of Pro Rata charges until a decision has been made on the deferral request.

Pro Rata assessments against billable funds are paid by SCO transfers. The SCO transfers one-fourth of each assessment on August 15, November 15, February 15, and May 15 of each fiscal year. The transfers are first made to the Central Service Cost Recovery Fund up to the amount determined by Finance FSCU. All subsequent transfers for that fiscal year are made to the General Fund.

Any questions concerning Pro Rata, contact the Finance FSCU Pro Rata analyst.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

STATEWIDE COST ALLOCATION PLAN (SWCAP) (Revised 12/09)

8755

The SWCAP, like Pro Rata, is a "fair share" distribution of central service costs. SWCAP includes only those central services costs which are allowable for federal reimbursement purposes.

In the fall of each year, the Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU) prepares California's SWCAP for the ensuing fiscal year. FSCU sends the SWCAP to the federal Department of Health and Human Services (DHHS) for approval. The DHHS approval authorizes state departments to include SWCAP in their charges for work performed under federal grants and contracts.

The methods used to apportion the SWCAP costs to departments are identical to those used to apportion Pro Rata central service costs.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

DEPARTMENTAL PROCESS

8755.1

(Revised 12/09)

Each department receiving federal funds has the responsibility to:

1. File an Indirect Cost Rate Proposal (ICRP), Cost Allocation Plan (CAP) and/or Public Assistance Cost Allocation Plan (PACAP) with the federal government. First, send the ICRP, and/or CAP, or PACAP to Finance, FSCU, for review and approval. SAM Section 8755.2 discusses ICRPs in detail.
2. Recover full costs (including SWCAP costs).
3. Transfer SWCAP recoveries to the General Fund.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

INDIRECT COST RATE RECOVERIES

8755.2

(Revised 09/10)

Government Code sections 13332.01-13332.02 require departments to recover SWCAP costs from the federal government and to transfer the SWCAP recoveries to the General Fund within 30 days after the end of each quarter. In order to meet this objective, departments must prepare an ICRP and/or CAP or PACAP. SAM sections 8756 and 8756.1 describe this process in more detail.

To transfer the SWCAP recoveries, departments must complete a Transaction Request (TR), form CA 504 and submit to the State Controller's Office (SCO) for processing. On the TR, departments must identify the SWCAP amount to be transferred by quarter and fiscal year. The original TR is submitted to the SCO and a copy is sent to Finance, FSCU and the department's Finance budget analyst. A sample TR is shown in the 8755.2 Illustration.

[8755.2 Illustration \(Sample TR, CA 504\)](#)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

STATE CONTROLLER'S USE ONLY										STATE CONTROLLER'S USE ONLY														
DOCUMENT NO.					DATE					MSG Code					TC Code					VERIFIED BY:				
																				DATE:				

Agency: **STATE DEPARTMENT (1234)**

Address: **1000 BROADWAY OAKLAND, CA 94612**

Page 1 of 1

Agency Document Number: **XXXX**

FUND	AGY	FY	M	REF / ITEM	FED CAT	PIN	C	CAT	PGM	ELE	COMP	TASK	ACCT	REV / OBJ	AMOUNT	D	C	A	T	O	B	SOURCE FUND
0890	1234	20XX		XXX					XX							1,000.00	D	D				
<div style="display: flex; justify-content: space-between;"> <div>DESCRIPTION: SWCAP 2ND QTR TO GF 9910</div> <div>PROGRAM DESCRIPTION: CHAPTER XX/XX, Item 1234-XXX-0890</div> </div>																						
0001	9910	20XX		XXX										999000		1,000.00	C	D				
<div style="display: flex; justify-content: space-between;"> <div>DESCRIPTION: SWCAP 2ND QTR FR FTF 1234</div> <div>PROGRAM DESCRIPTION: SWCAP RECOVERIES</div> </div>																						
0890	1234	20XX		XXX					XX							1,000.00	D	D				
<div style="display: flex; justify-content: space-between;"> <div>DESCRIPTION: SWCAP 3RD QTR TO GF 9910</div> <div>PROGRAM DESCRIPTION: CHAPTER XX/XX, Item 1234-XXX-0890</div> </div>																						
0001	9910	20XX		XXX										999000		1,000.00	C	D				
<div style="display: flex; justify-content: space-between;"> <div>DESCRIPTION: SWCAP 3RD QTR FR FTF 1234</div> <div>PROGRAM DESCRIPTION: SWCAP RECOVERIES</div> </div>																						
DESCRIPTION:															PROGRAM DESCRIPTION:							
DESCRIPTION:															PROGRAM DESCRIPTION:							
DESCRIPTION:															PROGRAM DESCRIPTION:							

TYPE OF TRANSACTION: **SWCAP TRANSFER**

LEGAL AUTHORITY AND REASON FOR REQUEST:
SWCAP TRANSFER FOR 2ND QTR OF FY 20XX AND 3RD QTR FOR FY 20XX IN ACCORDANCE WITH GC 13332.01 and 13332.02.

I hereby certify under penalty of perjury that I am the duly appointed, qualified, and acting officer of the herein named State agency, department, board, commission, office or institution, that the within transfer is in all respects true, correct, and in accordance with all applicable provisions or restrictions in the Budget Act, Federal Regulations, or other statute pertaining to the particular appropriation.

AUTHORIZED SIGNATURE: _____

CONTACT PERSON: _____ PHONE/FAX FOR CONTACT: _____

E-MAIL FOR CONTACT: _____ DATE: **mm/dd/yyyy**

NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE

CA 504 PC VERSION (03/2000)

8755.2 Illustration

INDIRECT COST RATE PROPOSAL

8756

(Revised 2/99)

Department or program costs can be categorized into three types:
(See SAM Section 8752.1 for descriptions of these costs.)

Direct

Departmental indirect

Central service

Indirect costs (both departmental and central service) are generally assigned to a program or organizational unit by an indirect cost rate or by some other cost application technique. Indirect cost rates are usually expressed as percentages. These percentages express the relationship of the sum of departmental indirect and central service costs to a direct cost base. Commonly used direct cost bases include direct salaries and wages costs, direct personal services costs, or total direct costs. The aggregation of all costs (direct, indirect, and central service), the analysis of cost relationships, and, finally, the computation of rate(s) are the basic steps involved in developing an ICRP.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

FEDERAL INDIRECT COST RATE PROPOSAL (ICRP) AND/OR COST ALLOCATION PLANS 8756.1 (Revised 09/10)

Each department that receives federal funds must prepare an ICRP, and/or CAP or PACAP, unless exempted by Finance, FSCU. An ICRP, CAP or PACAP establishes the basis for recovering full costs associated with programs or activities. The ICRP, CAP or PACAP must be prepared in accordance with the Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments" and the guide "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreement with the Federal Government" (ASMB C-10) published by the federal Department of Health and Human Services, which is available at: [HTTP://WWW.WHITEHOUSE.GOV/WH/EOP/OMB/HTML/OMBHOME.HTML#.DOCS](http://www.whitehouse.gov/wh/eop/omb/html/ombhome.html#docs).

Every fall, Finance, FSCU, notifies departments with federal funding of the central service costs (SWCAP) apportioned to them for the next fiscal year. The reports are available at:
[HTTP://WWW.DOF.CA.GOV/FISA/PROSWCAP/PROSWCAP.HTM](http://www.dof.ca.gov/FISA/PROSWCAP/PROSWCAP.HTM)

Inclusion of SWCAP costs is required in the department's ICRP, CAP, or PACAP to allow for the recovery of SWCAP costs apportioned to the department, unless exempted by statute and/or grant provisions.

For ICRPs only, in addition to the supporting documentation required by OMB Circular A-87, departments are required to complete a Finance ICRP Summary Form. This form primarily acts as a checklist for proper preparation of the ICRP and is available at: <http://www.dof.ca.gov/FISA/PROSWCAP/ICRPs.HTM>. A summary sheet must also be included in the ICRP identifying the calculation of the indirect cost rate, cross-referenced to the supporting documentation. A sample calculation is shown in the 8756.1 Illustration.

Departments must submit their ICRPs, and/or CAPs or PACAP's to Finance, FSCU, for review and approval before sending to the federal cognizant agency for approval. ICRPs, CAPs, or PACAPs are typically due to the federal cognizant agency at least six months before the start of the fiscal year to which the ICRP, CAP, or PACAP applies. Generally, the federal agency from which a department receives the most funding is designated as the federal cognizant agency.

Once the ICRP, CAP, or PACAP is approved by the federal cognizant agency, the department may recover indirect costs from the federal government. Refer to SAM section 8755.2 for requirements to transfer the recoveries to the General Fund.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

CALCULATION OF INDIRECT COST RATE

(1) Net Total Department Indirect Costs + (2) SWCAP Allocation = Proposed Indirect

(3) Total Direct Cost Base Cost Rate

- (1) Indirect costs are costs incurred for a joint or common benefit and cannot be identified with a particular program, function, or cost objective. Sometimes known as “overhead”, these costs include costs for accounting, budgeting, human resources, etc. The total departmental indirect costs are adjusted for unallowable costs and the addition of costs, such as equipment use allowance, per OMB Circular A-87.
- (2) Indirect costs also include the department’s allocation of central services costs (SWCAP).
- (3) Direct costs are costs identified specifically with a particular program, function, or cost objective. Typical direct cost bases include personal services and modified total direct costs.

The components of the indirect cost rate should be cross-referenced to supporting documentation in the ICRP (e.g., budget reports, financial statements, etc.,)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

NON-FEDERAL INDIRECT COST RECOVERIES

8756.2

(Revised 3/90)

Departments which receive reimbursements from other than Federal funding sources will also ensure that full costs are included in charges for goods provided and services performed. The basic principles and cost elements included are the same as for Federal ICRPs (see SAM Section 8756.1) with one exception; non-Federal cost recoveries will include the larger of the department's central service costs, SWCAP or Pro Rata. See 8756.1 Illustration 1 for a sample indirect cost calculation.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

RECOVERY OF INDIRECT COSTS SAMPLE CALCULATION

Department A administers a program, grant, or contract and is preparing to bill for services rendered.

1. Department A develops an Indirect Cost Rate Proposal (ICRP) with a 32 percent indirect cost rate as follows:

$$\begin{array}{rclclcl} \text{Total department indirect + central service allocation (a)} & & & & = & \\ \text{Total direct cost base (direct personal services costs) (b)} & & & & & \\ \\ \$2,660,000 + \$140,000 & = & 2,800,000 & = & 32\% \\ \$8,750,000 & & 8,750,000 & & \end{array}$$

2. The indirect cost rate applicable to central service costs is:

$$\begin{array}{rclcl} \text{Department A's central service allocation} & = & 140,000 & = & 1.6\% \\ \text{Total direct cost base (direct personal services costs)} & & 8,750,000 & & \end{array}$$

3. Assume total direct costs incurred for Department A's reimbursable activity during the billing period to be \$350,000, of which \$250,000 is for direct personal services costs and \$100,000 is for other direct operating costs.

$$\begin{array}{rcl} 4. \text{ Billable amount for period} & = & \text{direct costs + indirect costs} \\ & = & (\$250,000 + \$100,000) + (32\% \times \$250,000) \\ & = & \$350,000 + \$80,000 \\ & = & \$430,000 \end{array}$$

$$\begin{array}{rcl} 5a. \text{ Expected central service recovery} & = & \text{central service indirect cost rate} \times \text{direct cost base:} \\ & = & 1.6\% \times \$250,000 \\ & = & \$4,000 \end{array}$$

—or—

$$\begin{array}{rcl} 5b. \text{ Expected central service recovery} & = & \frac{\text{Department A's central service allocation}}{\text{Total departmental indirect costs}} \times \text{indirect costs} \\ & = & \frac{140,000}{2,660,000 + 140,000} \times \$80,000 \\ & = & .05 \times \$80,000 \\ & = & \$4,000 \end{array}$$

Summary:

Department A would collect a total of \$430,000 for its reimbursed activity, \$4,000 of which is attributable to central service costs.

- (a) Use SWCAP for federal funded programs; use Pro Rata costs or SWCAP, whichever is greater, for non-federal funded programs.
- (b) Total direct salaries and wages, total direct costs, or some other appropriate base could be substituted as the base in developing the indirect cost rate.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

INDIRECT COST RATE PROPOSAL SUMMARY FOR FY _____		DEPARTMENT OF FINANCE USE ONLY
DATE SUBMITTED _____		Date _____
1. AGENCY NAME (ORGANIZATION) _____		Budgetary Information State Operations _____
2. CONTACT PERSON (PHONE) _____		General Fund \$ _____
3. COGNIZANT FEDERAL AGENCY _____		Federal Fund \$ _____
4. PLAN TYPE: PROVISIONAL/FINAL <input type="checkbox"/>		Other \$ _____
PROVISIONAL/FINAL <input type="checkbox"/>		Total \$ _____
OTHER (describe) _____		% _____
5. IS THIS PLAN CONSISTENT WITH PREVIOUS PLANS?		General Fund _____
YES <input type="checkbox"/> NO <input type="checkbox"/> (EXPLAIN) _____		Federal Fund _____
6. PREVIOUS PLAN FILED - FISCAL YEAR _____		Other _____
7. IF THE PLAN TYPE IS PROVISIONAL/FINAL, HOW WILL THE FINAL SETTLEMENT BE MADE WITH THE FEDERAL GOVERNMENT?		Total _____
8. HAVE ACTUAL UNKAP RECEIVED TO DATE CONSISTENT WITH BUDGETED SWCAP AMOUNTS?		1. _____
YES <input type="checkbox"/> NO <input type="checkbox"/> (EXPLAIN) _____		2. _____
9. DIRECT COST BASE USED TO CALCULATE ICRR RATE:		3. _____
DIRECT PERSONAL SERVICES <input type="checkbox"/> DIRECT SALARIES AND WAGES <input type="checkbox"/> TOTAL DIRECT COSTS <input type="checkbox"/>		4. _____
OTHER (describe) _____		5. _____
10. ICRR RATES: SINGLE <input type="checkbox"/> MULTIPLE <input type="checkbox"/>		6. _____
11. COSTS INCLUDED IN ICRR RECONCILE TO GOVERNOR'S BUDGET <input type="checkbox"/>		7. _____
OTHER BUDGET RECONCILES (describe) _____		8. _____
OTHER REPORTS OF ACTUAL EXPENDITURE (describe) _____		9. _____
12. SWCAP ASSESSMENT INCLUDED IN ICRR FY _____ AMOUNT \$ _____		10. _____
13. INDIRECT COSTS USED TO CALCULATE ICRR RATE INCLUDE/EXCLUDES (YES/NO):		11. _____
EXCLUDES PRO RATA CHARGES _____ EXCLUDES EQUIPMENT EXPENDITURES _____		12. _____
INCLUDES EQUIPMENT USE ALLOWANCE _____ EXCLUDES OTHER NON-ALLOWABLE COSTS _____		13. _____
IF NO TO ANY OF THE ABOVE (13), EXPLAIN _____		14. _____
14. COMMENTS _____		Reviewer _____
INX (GTT) (PW)		

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR DIRECT AND INDIRECT COSTS

8757

(Revised and Renumbered from 8753.3 6/85)

Departments will account for reimbursements, including receipts from the federal government, according to the following cost categories:

- Direct costs;
- Departmental indirect costs; and
- Central service costs.

Accountability by these cost categories encourages full cost recoveries including a fair share of central service costs.

Departments will establish subsidiary accounts for:

- Direct cost recoveries
- Departmental Indirect cost recoveries
- Central service cost recoveries

These accounts will be subsidiary to Account Number 8020—Federal Grants and Contracts, or Account Number 8100—Reimbursements, depending on the fund in which these monies are accounted.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

CHARGES FOR INTERAGENCY SERVICES

8758

(Revised and Renumbered from 8760 6/85)

Charges for interagency services will include the same cost components that are included in charges for services to other than state agencies, i.e., direct costs, indirect costs, and central service costs, as prescribed in Section 8752.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

AGREEMENT PROVISION REQUIRED

8758.1

(Revised 2/99)

All agreements or arrangements services will include charges for the costs identified above. Include in any agreements a provision that the charges are computed in accordance with SAM Section 8752. Any of the following sample paragraphs may be used in the agreement:

1. "Upon completion of the foregoing in a satisfactory manner (name of state agency receiving service) agrees to pay to (name of state agency performing service) an amount equal to the latter's cost of performance hereunder computed in accordance with Section 8752 of the State Administrative Manual. The total amount of this agreement shall not exceed \$_____. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code."
2. "Upon completion of the foregoing in a satisfactory manner (name of state agency receiving service) agrees to pay to (name of state agency performing service) the sum of \$_____, which sum has been computed in accordance with Section 8752 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 2, Chapter 3, Part 1, Division 3, Title 2, Government Code."
3. "In consideration of the performance of the foregoing in a satisfactory manner (name of State agency receiving service) agrees to pay to (name of State agency performing service) the sum of \$_____ payable as follows: (For example, at the end of each calendar month). Said consideration has been computed in accordance with Section 8752 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code."
4. "(Name of state agency receiving services) agrees to pay (name of state agency rendering service) the cost of performance hereunder and to pay in advance \$ _____ on (date). It is agreed between the parties hereto that upon completion of the services hereunder, the actual cost of rendering said service shall be computed in accordance with the provisions of Section 8752 of the State Administrative Manual and said payment adjusted in accordance with the provisions of Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code."

BLOCK GRANT FISCAL REPORTING REQUIREMENTS
(New 7/85)

8760

The Federal Government awards certain block grant funds to the State for various social service programs. These Federal block grants include, but are not limited to, the following:

Title XX (Social Security Act)

Low Income Home Energy Assistance

Preventive Health

Maternal and Child Health Services

Alcohol and Drug Abuse

Mental Health Services

Community Development

Community Services

The State assumes certain fiscal administrative responsibilities for these block grants. State departments which administer block grants will require recipients (public and private non-profit organizations) to comply with certain specific fiscal requirements.

(Continued)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

BLOCK GRANT FISCAL REPORTING REQUIREMENTS (New 7/85)

8760 (Cont. 1)

Administering State Department Requirements

State departments which administer block grants will:

1. Require grant recipients to submit two quarterly reports—
 - a. the "Grant Financial Status Report," an accountability report; and
 - b. the "Grant Cash Transaction Report," a cash flow report.

The final forms of the two quarterly reports may be developed by the administering department as long as the information contained in the sample reports shown as SAM Section 8760 Illustration 1 and 2 is reported.

2. Require grant recipients to maintain detailed accounting records which form the basis for the grant reports;
3. Retain the grant reports for fiscal management and control purposes;
4. Take appropriate action, which may include canceling/withdrawing the grant, if grant reports are not submitted timely; and
5. Require, as an option, additional information/reports from grant recipients to supplement the information contained in the two quarterly reports.

Grant Recipient Requirements

All grant recipients will:

1. Complete two quarterly grant reports—
 - a. The "Grant Financial Status Report" (see SAM Section 8760 Illustration 1 for a sample report format and instructions); and
 - b. The "Grant Cash Transaction Report" (see SAM Section 8760 Illustration 2 for a sample report format and instructions);
2. Submit the grant reports to the administering department by the 20th calendar day following the end of each quarter;
3. Maintain detailed accounting records which form the basis for the grant reports; and
4. Retain and have the accounting records available for audit for a minimum of three years from the report submission date.

**SAM—MISCELLANEOUS ACCOUNTING PROCEDURES
GRANT FINANCIAL STATUS REPORT**

8760 Illustration 1

(Revised 03/13)

Grant Financial Status Report

A. Grant Information:

1. Grant Name: _____ Identification Number, if applicable: _____
2. Grant Period: From: _____ To: _____
3. Quarter covered by report: From: _____ To: _____
4. Final Report: Yes: _____ No: _____
5. Accounting Basis: Cash: _____ Accrual: _____

B. Grantor Information:

State Department and Office: _____

C. Grantee Information:

1. Grantee Organization Name: _____
2. Address: _____ City and Zip Code: _____
3. Employer Identification Number, if applicable: _____

D. Fiscal Information:

1. Net outlays previously reported (line D.3. from previous quarter's report) \$ _____
2. Total net outlays this report period \$ _____
3. Net outlays to date (line D.1. plus line D.2.) \$ _____
4. Less: Nongrant share of outlays \$ _____
5. Total grant share of outlays (line D.3. minus line D.4.) \$ _____
6. Total unliquidated obligations \$ _____
7. Less: Nongrant share of unliquidated obligations \$ _____
8. Grant share of unliquidated obligations (line D.6. minus line D.7.) \$ _____
9. Total grant share of outlays and unliquidated obligations
(line D.5. plus line D.8.) \$ _____
10. Total cumulative amount of grant funds authorized \$ _____
11. Unobligated balance of grant funds (line D.10. minus line D.9.) \$ _____

E. Non Fiscal Information

1. Certification:

I certify, to the best of my knowledge and belief, under penalty of perjury, that this report is correct and complete and that all disbursements have been made in accordance with the grant agreement.

2. Signature: _____ Date: _____

3. Name and Title: _____
(Printed or Typed)

4. Telephone: Area: _____ Number: _____ Extension: _____

F. Remarks:

**SAM—MISCELLANEOUS ACCOUNTING PROCEDURES
GRANT FINANCIAL STATUS REPORT**

C.3. Enter the employer identification number assigned by the U. S. Internal Revenue Service (Applicable for private non-profit organizations).

D.1. Enter the net outlay. This amount should be the same as the amount reported on line D.3. of the last report. If there has been an adjustment to the amount shown previously, please attach an explanation. Show zero if this is the initial report.

D.2. Use work sheet and instructions below to determine NET outlays for this report period:

a. Total Gross Outlays	\$ _____
b. Less: Grant Income Credits	\$ _____
Net Outlays this report period	\$ _____

a. Enter the total gross outlays less rebates, refunds, and other discounts for this quarter.

- For reports prepared on a cash basis, outlays are the sum of actual cash disbursements (including cash advances to contractors and subgrantees) plus indirect expenses incurred by other than your organization.
- For reports prepared on an accrued expenditure basis, outlays are:
 1. For the first quarter report, the sum of cash disbursements, indirect expenses incurred, and accounts payable (accounts payable are amounts owed for goods and other property received plus services performed by employees, contractors, subgrantees, and other payees).
 2. For subsequent quarter reports, the sum of cash disbursements, indirect expenses incurred, and the increase or decrease in accounts payable from the previous quarter's report. (For example: assume the first quarter reports accounts payable of \$50.00. At the end of the second quarter accounts payable is \$70.00. This is an increase of \$20.00 which would be added as an outlay for this quarter.)

b. Enter the amount of all program income received in this period that is required by the terms and conditions of the award to be deducted from total project costs. Grant program income are those dollar amounts received from all other sources to help defray block grant program costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. (When the terms or conditions allow program income to be added to the total award, the grantee will explain in remarks, the source, amount and disposition of the income.)

D.4. Enter the nongrant share of program outlays included in the amount on line D.3.

D.6. Enter the unliquidated obligations for this project including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are:

Cash basis—obligations incurred but not paid.

Accrued expenditure basis—obligations incurred, but for which an expenditure has not been recorded.

Do not include any amounts that have been included on lines D.1 through D.5. On the final report, line D.6 should have a zero balance.

**SAM—MISCELLANEOUS ACCOUNTING PROCEDURES
GRANT FINANCIAL STATUS REPORT**

(Continued)

- D.8. Enter the grant share of unliquidated obligations. The amount shown on this line will be the difference between lines D.6 and D.7.
- D.9. Enter the sum of the amounts shown on lines D.5 and D.8. If the report is final, it should not contain any unliquidated obligations.
- D.11. Enter the unobligated balance of grant funds. This amount should be the difference between lines D.10 and D.9.

The figures provided in this report must be supported by detailed accounting records. The records will be retained and available for audit for a minimum of three years.

**SAM—MISCELLANEOUS ACCOUNTING PROCEDURES
INSTRUCTIONS FOR GRANT CASH TRANSACTION REPORT**

(Instructions for the Preparation of the Report on Back)

8760 Illustration 2

(Revised 03/13)

Grant Cash Transaction Report

A. Grant Information:

1. Grant Name: _____ Identification Number, if applicable: _____
2. Grant Period: From: _____ To: _____
3. Quarter covered by report: From: _____ To: _____
4. Final Report: Yes: _____ No: _____

B. Grantor Information:

State Department and Office: _____

C. Grantee Information:

1. Grantee Organization Name: _____
2. Address: _____ City and Zip Code: _____
3. Employer Identification Number, if applicable: _____

D. Fiscal Information:

1. Cash on hand beginning of period \$ _____
2. Receipts:

A. Reimbursements	\$ _____	
B. Advances	\$ _____	
C. Grant share of income	\$ _____	
D. Interest income	\$ _____	
		Total: \$ _____
3. Total Cash Available (sum of line D.1. and line D.2.) \$ _____
4. Disbursements \$ _____
5. Adjustments to prior quarters \$ _____
6. Cash on hand end of quarter \$ _____
7. The amount shown on line 6 above represents cash requirements for the next _____ days.
8. Advances during the quarter: Sub-grantee \$ _____

E. Non Fiscal Information

1. Certification:

I certify, to the best of my knowledge and belief, under penalty of perjury, that this report is correct and complete and that all disbursements have been made in accordance with the grant agreement.

2. Signature: _____ Date: _____

3. Name and Title: _____
(Printed or Typed)

4. Telephone: Area: _____ Number: _____ Extension: _____

F. Remarks:

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES
INSTRUCTIONS FOR GRANT CASH TRANSACTION REPORT

- C.3. Enter employer identification number assigned by the U. S. Internal Revenue Service (Applicable for private non-profit organizations).
- D.1. Enter the grant cash on hand at the beginning of the reporting period including funds on deposit, funds on hand, and undeposited checks/warrants.
- D.2. (A) Enter the funds received during the quarter as grant reimbursements.
- (B) Enter the funds received during the quarter as grant advances.
- (C) Enter the grant share of program income that was required to be used on the project by the terms of the grant. Grant program income are those dollar amounts received from all other sources to help defray block grant program costs.
- (D) Enter the interest earned during the quarter on grant advances.
- D.4. Enter the total grant cash disbursements made during the reporting period. Disbursements as used here includes advances and payments to subgrantees or contractors, salaries and wages plus employer's share of benefits, interdepartmental charges for supplies and services, and indirect costs to which the recipient is entitled.
- D.5. Enter all adjustments pertaining to prior quarters which affect the ending balance that have not been included in any lines above. Explain all adjustments in the remarks section; use plain sheets of paper if additional space is required.
- D.6. Enter the grant cash on hand at the end of the reporting period. This amount will include all funds on deposits, funds on hand, and undeposited funds (line D.3 less line D.4, plus or minus line D.5).
- D.7. Enter the estimated number of days until the cash on hand, shown on line D.6, will be expended.
- D.8. Enter the advances made to secondary recipients included in line D.4.

The figures provided in this report must be supported by detailed accounting records. The records will be retained and available for audit for a minimum of three years.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

RETURNABLE CONTAINERS

8765

(Revised 3/87)

Agencies will maintain memorandum stock cards for returnable containers, such as oil drums and gas cylinders, which are purchased, for which deposits are required, or for which they are held responsible. Returnable containers received or returned will be recorded on appropriate accounting documents, such as Stock Received Reports and Returned Stock Received Reports, so that the accountability of the organizational unit having custody can be recorded on the memorandum stock card. The transfer of containers from the custody of one unit to another will also be recorded. Periodically, the quantity of returnable containers recorded as on hand will be verified by physical count. Documents for containers returned will be maintained in a pending file until credit is received from the vendor. Agencies maintaining a Purchased Stores Ledger will not include the value of returnable containers on hand in the annual computation for valuing the Purchased Stores Ledger inventory.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR INVESTMENT SECURITIES

8770

(Revised 3/87)

Securities purchased as fund investments will be recorded as assets of the fund under the date of the State Treasurer's Advice unless the date of the Controller's warrant is different from the date of the advice. If the warrant date is different, the State Treasurer will show the warrant date on his advice. In this case, the transaction will be accounted under the date of the warrant. Claim schedules prepared for the purchase of securities will not be recorded in the agency accounts since no liability is incurred nor is there any change in the fund assets until the securities are purchased. Such claim schedules will serve as memorandum records pending completion of the transaction as evidence by the State Treasurer's Advice.

Many agencies that maintain savings accounts outside the centralized State Treasury System or have investments which they manage have received requests from depository banks and other payers of interest for taxpayer identification numbers normally required by the Internal Revenue Service for the identification and reporting of interest, dividends, and other payments.

The Internal Revenue Service does not require taxpayer identification numbers for accounts of funds owned or controlled by the State. Therefore, agencies that receive such requests should inform those requesting the numbers of the nature of the entity for which the savings account or investment is held. Agencies should not request taxpayer identifying numbers from Social Security Administration or Internal Revenue Service.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

SUBROGATION RECEIPTS

8775

(Revised 9/04)

Pursuant to Labor Code Sections 3850–65, the State may recover compensation benefits and other damages from a third person liable for injury or death of a State employee. Amounts recovered by way of subrogation are the result of actions taken by the State Compensation Insurance Fund. Any amounts owing to employing State agencies will be credited to the proper appropriation as abatements. The restoration of leave credits to employee's records from third party recoveries will be at the direction of the State Compensation Insurance Fund. See SAM Section 8537.

ACCOUNTS RECEIVABLE

8776

(Revised 03/12)

An accounts receivable (AR) is defined as a claim against a debtor, such as a person, business, or governmental entity for money owed to the state. An invoice or other document requesting payment will be prepared. The invoice shall be sent to the debtor as soon as practical and within 30 days after the event giving rise to the AR. Invoices shall include a date for which payment is due. The AR shall be considered delinquent if payment is not received by the due date. Departments may also consider the postmark date to determine if an AR is delinquent.

Departments must ensure prompt and ongoing action is taken for the collection of ARs. See SAM section 8776.6.

Characteristics common to all ARs:

- Legal authority exists to bill for the amount owed.
- Amount due is derived from an arithmetical calculation, schedule of fees, or other method to arrive at the amount.
- Sufficient documentation exists to support the AR. For example, the department must have the debtor name and an invoice or other document identifying the amount owed.

Departments must ensure staff are provided AR training on an ongoing basis. As a resource, the Accounts Receivable Toolkit provides departments with guidelines and further information for managing their ARs. The toolkit is available on the Department of Finance's website at

http://www.dof.ca.gov/accounting/fscu/documents/Accounts_Receivable_Toolkit.pdf.

Recording ARs

Departments must ensure ARs are recorded promptly and accurately into the accounting system. The general guideline for recording ARs promptly is within 30 days after the date that the AR arose. For employee payroll ARs, the departments should ensure their human resources unit notifies the accounting office timely to meet the 30-day guideline for recording ARs.

When ARs are collected, the collections will generally be classified as abatements, reimbursements, revenue, or refunds to reverted appropriations. See SAM sections 7620 and 10407 - 10416 for general ledger account descriptions and 10506 for the standard journal entry. Prepayments of ARs should be treated as revenue received in advance or as a liability until the transaction is completed (e.g., revenue is earned). See SAM section 10507 for the standard journal entry.

Reconciling ARs

Departments will review and reconcile ARs in the accounting system to ARs recorded by the State Controller's Office (SCO) and/or those ARs maintained in departmental records (e.g., program records, payroll records, etc.). AR reconciliations will be prepared monthly within 30 days of the preceding month. Periodic reviews of the AR reports should be performed monthly to ensure there is ongoing collection activity.

Documenting and Retaining ARs

Departments must ensure proper recordkeeping is maintained. All efforts made toward the collection of receivables should be documented to include the dates and types of collection effort (e.g., letters, offset, phone calls, e-mails).

AR source documents (e.g., invoices), documentation of collection efforts, and documentation of payments and any adjustments should be retained for at least four years after the receivable has been paid.

(Continued)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

ACCOUNTS RECEIVABLE

8776 (Cont. 1)

(Revised 03/12)

Contingent ARs

Contingent ARs are those ARs for which there is some uncertainty of the legal obligation but have a prospect of a favorable settlement. Generally, a contingency involves some future determination, e.g., judgment or settlement. Contingent ARs will be recorded in the accounting records at the time the AR arises, as follows:

Debit: 1380 Contingent Receivables

Credit: 1600 Provision for Deferred Receivables

Contingent ARs will be reversed if reclassified to another AR type (e.g., AR- Revenue). This may occur when either a judgment or settlement is made or the disputed amount has been finalized. Also, it may be appropriate to reclassify an AR to a contingent AR. Such reclassification should be based upon the degree of uncertainty associated with the validity or amount of the AR. The reclassification should not be based solely on a debtor's action to contest an AR.

Reclassifying or Adjusting ARs

Departments must perform an analysis on their ARs to verify the correct amounts are recorded. ARs should be reclassified or adjusted in certain situations:

- Legal authority does not exist to bill for the amount owed.
- Sufficient documentation does not exist to substantiate the AR (e.g., debtor name and an invoice or other document identifying the amount owed).
- Validity or amount of the AR is disputed.

Departments may reclassify, increase, or decrease the amount of an AR to correct the classification or amount owed by making an adjusting entry. Note that an appropriate description of why the adjustment is made must be documented.

Department Responsibilities at Year-End

At year-end, departments are responsible for ensuring AR balances are accurate:

- Assess the amounts owed to the department, including estimates, and when the amounts are expected to be collected.
- Record accrual entries for amounts owed to the department at June 30, but not yet recorded. See SAM sections 10602 and 10610.
- Record entries to reclassify existing ARs when an appropriation reverts. See SAM section 10603.
- Record adjusting entries to reduce AR balances for deferred amounts. The deferred amount is the portion not expected to be collected in the next fiscal year. See SAM section 10610.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

COLLECTION PROCEDURES

8776.5

(Revised 03/12)

AR collection procedures differ depending on if the receivable is owed to the state by an employee or nonemployee. If amounts are due from former state employees, follow the collection procedures for nonemployee ARs. In addition, notify the SCO, Division of Personnel/Payroll Services of the situation by sending a Personnel Action Request form, STD. 680A, and ask to be notified if the person reenters state service. See SAM section 8593.3.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6

(Revised 03/14)

Each department will develop collection procedures that will assure prompt follow-up on receivables. Departments will use the following procedures and guidelines for the collection of amounts owed to the state from nonemployees. These procedures are in accordance with the Accounts Receivable Management Act as provided in Government Code (GC) sections 16580-16586.

Locating Debtor

When the address of the debtor is unknown, departments shall attempt to obtain a current address. Departments may utilize Internet search engines and/or a data research service. Departments should perform a cost benefit analysis to determine if procuring services to locate debtors would be cost beneficial. Another alternative is to request the debtor's address from the Department of Motor Vehicles by completing a Gov't Agency Request for Driver License/Identification Record Information form, INF 254. In order to use this alternative, the date of birth or driver's license/identification number of the debtor is required.

Collection Letters

Departments are advised to utilize collection practices that are cost effective and consistent with their program goals and legal authority. Three documented letters should be made to collect on nonemployee delinquent accounts. However, departments have the option of making one documented letter before proceeding to the discharge of accountability process for nonemployee accounts receivable of \$25 and under. Refer to the Discharge of Accountability section below for further information regarding the discharge of accountability process.

For the collection letter process, the department will send a sequence of three collection letters at a minimum of 30 day intervals. If a reply or payment is not received within 30 days after sending the first letter, the department will send a second letter. This follow-up letter will reference the original request for payment letter and will be stated in a stronger tone. If a response is still not received from the debtor, a third letter will be sent 30 days later. This last letter will include references to prior letters and will state what further actions, including collection fees, may be taken in the collection process.

Collection Fee

GC section 16583.1 allows departments to charge a reasonable fee, not to exceed the actual costs incurred by the department, to recover the department's collection costs on past due ARs.

If a department plans to recover costs pursuant to this section, departments should consider actual costs incurred, including, but not limited to, staff time to send out collection letters, postage, equipment costs, and contingency fees for private collectors.

Departments will record this fee as revenue, Source Code 162100, Delinquent Receivables – Cost Recoveries.

Collection Actions Review

If the three collection letters are unsuccessful, departments will prepare an analysis to determine what additional collection efforts should be made. The analysis should include a cost/benefit analysis of the collection actions listed below. Departments should initiate one or more of the following actions:

1. Offset Procedures—An offset, as the term indicates, is the interception and collection from amounts owed by other state departments to the debtor. For more offset information, see SAM section 8790.
2. Court Settlements—There may be instances where it would be cost effective for departments to seek court judgments against debtors. Departments should consider the possibility of filing action in small claims courts. For larger sums, department counsel should be consulted for advice.

(Continued)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 1)

(Revised 03/14)

3. Collection Agencies—Departments may consider contracting with another department that has a collection unit or with an outside collection agency.

The State Contracting Manual, the Public Contract Code section applicable to contracts for services, and GC section 19130 should be consulted when a department is considering contracting with a collection agency. Any contract made with a collection agency must specify that all funds collected on behalf of a department will be remitted to that department. The collection agency can then be paid in one of several ways for its services - by a set fee per collection, on an hourly basis, or on a percentage basis, in arrears, based on services rendered.

Prior to assigning the debt to a collection agency, departments are required by law to notify the debtor in writing at the address of record that the alleged AR debt will be turned over for private collection unless the debt is paid or appealed within a specified time period.

4. Sale of ARs—Departments are authorized to sell ARs to private persons or entities. Departments will record the net income from the sale in their accounting records. Specific accounting entries for the sale of ARs are detailed in SAM section 10536, Standard Entry No. 36.

Prior to selling the debt, departments are required by law to notify the debtor in writing, at the address of record, that the alleged AR debt will be turned over for private collection unless the debt is paid or appealed within a specified time period.

Departments will select the collection actions that are likely to generate the highest net income and do not compromise future state income collections. In addition, departments should consult with the Franchise Tax Board or any other state department that has successfully established an effective AR collection system to develop methods for improving their collection rate.

Discharge from Accountability

If all reasonable collection procedures do not result in payment, departments may request discharge from accountability of uncollectable amounts due from private entities. Departments will review their AR, no less than quarterly, to identify receivables for discharge. If departments have identified receivables for discharge, departments will file an [Application for Discharge from Accountability form, STD. 27](#), with the SCO, Division of Accounting and Reporting. Applications for Discharge from Accountability of uncollectable amounts of more than \$10,000 will be filed separately from applications for amounts of \$10,000 or less. The \$10,000 amount applies to the total of all amounts owed by the debtor, not to each invoice. The application for discharge shall include:

1. Statement of the nature of the amount due
2. Name(s) of the person(s) liable
3. Estimated cost of collection
4. Any other fact(s) supporting the request, including offset attempts (See SAM section 8790)
5. If the discharge from accountability is due to bankruptcy, the supporting documentation must include a copy of the court's final discharge of the debtor and evidence that the specific department is included in the petition for bankruptcy.
6. Signature, phone number, printed name, and title of person completing the [STD. 27](#)
7. Signature, printed name, and title of manager authorizing the [STD. 27](#)

The individual authorizing the Application for Discharge from Accountability should be at a level at least equivalent to that of manager of the accounting office.

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SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 2)

(Revised 03/14)

For accounts receivable amounts of \$500 or less, GC section 13943.2 provides that upon written authorization by the California Victim Compensation and Government Claims Board (VCGCB), state departments may refrain from collecting amounts of \$500 or less. The \$500 limitation applies to the total of all amounts owed by the debtor, not to each invoice.

Departments must request approval from the VCGCB for the authorization to discharge from accountability for collecting accounts receivable of \$500 or less. When requesting approval from the VCGCB, departments must certify the following in their letter:

1. Attempts to collect these ARs are in accordance with SAM section 8776.6
2. Will discharge only those debts that have been determined uncollectible or it is not cost beneficial to continue pursuing collection
3. Understands the discharge from accountability does not release the debtor from the debt owed to the state

An example of what should be included in the request letter is available on the Accounts Receivable Toolkit at: <http://www.dof.ca.gov/accounting/fscu/>. Questions regarding this authorization should be directed to the VCGCB, Government Claims Program, at (916) 491-3700 or toll free (800) 955-0045. Departments who do not obtain approval from the VCGCB shall apply for discharge from accountability with the SCO, as indicated above.

The California State Universities must refer to Education Code section 89750.5 for application limitations.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

EMPLOYEE ACCOUNTS RECEIVABLE

8776.7

(Revised 03/12)

GC section 19838 requires reimbursement to the state of overpayments made to employees. Employee overpayments can arise from Office Revolving Fund (ORF) salary and travel advances and payroll warrants issued by the State Controller's Office (SCO). Refer to SAM section 8116.1 for additional collection procedures regarding travel advances. For the purposes of this section, an amount owed to the state by an employee (an AR) is the equivalent of an overpayment. Accordingly, the collection procedures described below should, to the extent applicable, be employed to collect AR due from state employees.

The following procedures and policies will be followed when collecting employee overpayments:

1. Departments will notify employees (in writing) of overpayments and provide them an opportunity to respond. The overpayment notification should include at least the following items:
 - a. Amount due;
 - b. Pay period affected if overpayment relates to salary;
 - c. Reason for overpayment;
 - d. Response time afforded to employee prior to collection action;
 - e. Optional: proposed repayment plan and method of collection.

The employee will be given 15 calendar days to respond, either orally or in writing. If the employee is on vacation, sick leave, out-of-town assignment, etc., and cannot be reached, the time afforded the employee to respond should be adjusted accordingly. All responses will be documented and maintained in department files.
2. The employee will be given the opportunity to satisfy the amount due by payment in cash, check, or payroll deduction. Departments will attempt to negotiate a repayment plan acceptable to both parties.
3. Repayment may also be made by installment through payroll deduction to cover at least the same number of pay periods in which the overpayment occurred. When overpayments have continued for more than one year, departments may require full payment in one year.
4. Once a repayment plan has been agreed upon, it will be put in writing and signed by the employee. The signature block will include a statement similar to the following:

"I agree to the repayment schedule described above and acknowledge the gross amount set forth as a legitimate debt owed by me to the state."
5. If the employee does not agree to repay an overpayment or does not respond to the written overpayment notification by the afforded time, departments will collect overpayments in the manner set forth in #3 above.
6. For separating employees, it may not be possible to provide written notification regarding overpayments. Regardless, GC section 19838 authorizes the state to withhold amounts owed for outstanding travel and salary advances from an employee's final separation pay. See SAM section 8580.4.
7. Payroll deduction to repay overpayments will not exceed 25% of the employee's net (gross minus mandatory deductions) monthly or semi-monthly salary, except from separating employees, as provided in #6 above. Mandatory deductions include taxes and garnishment/levy. For a complete listing of mandatory deductions, see the SCO Payroll Procedures Manual.

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SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

EMPLOYEE ACCOUNTS RECEIVABLE

8776.7 (Cont. 1)

(Revised 03/12)

8. These employee overpayment collection procedures do not affect procedures for the collection of ORF salary advances in lieu of an SCO warrant when the pay period for the advance and warrant are the same. An ORF advance in lieu of an SCO warrant is the check given to the employee as a substitute for the warrant when the warrant is incorrect or not available.

If the amount of an employee's SCO pay warrant is greater than the actual amount of pay owed the employee in the corresponding pay period, departments may withhold the employee's pay warrant and issue an ORF check for the difference. For example: if an employee is due less pay due to dock, etc., in the current pay period, and a full month SCO warrant was issued (although not yet distributed to the employee), a department can intercept the pay warrant and issue an ORF check for the difference between the pay warrant and the amount owed.

The employee should be notified of this offset, but a formal overpayment notification letter is not necessary.

However, if an ORF advance is from a different pay period than the SCO warrant, the department must follow the procedures outlined above.

9. These collection procedures do not apply to separated employees (see SAM section 8776.6) or collection procedures for Industrial Disability Leave overpayments.
10. Recoupment action must be initiated (written notification of overpayment to the employee) within three years from the date of overpayment in order to collect without the employee's consent, as provided in these procedures.

Collective Bargaining Unit contracts (Memorandums of Understanding) for represented employees may contain overpayment collection provisions. The provisions of these contracts supersede any other collection procedures. Therefore, contracts should be reviewed carefully to identify overpayment collection provisions.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

RECOVERING RECEIVABLES FROM ANOTHER STATE DEPARTMENT

8776.8

(Revised 03/12)

Pursuant to GC section 11255, departments that provide services to another department may recover outstanding receivables by initiating a Transaction Request (TR) form (CA 504) with the State Controller's Office (SCO) to transfer funds from the debtor department. This option shall be used on a limited basis and only when the following conditions are met: (1) the invoice was not paid by the requested due date, (2) non-payment provisions are included in the interagency agreement between the departments, (3) the invoice has not been disputed, and (4) a 30-day notice has been provided to the debtor department that a transfer of funds will be initiated for non-payment.

Interagency Agreements

Include the following when preparing interagency agreements:

- Specify the process for non-payment.
- Cite GC section 11255 as the authority for processing a TR.
- The department receiving the services (or debtor department) shall provide the appropriation to charge if payment is not made timely. This appropriation data must include: fund number, organization code, fiscal year, reference, and category or program. If applicable, also include element, component, and task.
- It is the responsibility of the department providing the services to ensure that no disputes exist prior to submitting a TR to the SCO.

Submission Requirements to the SCO

On the TR, indicate the debtor department's appropriation data to charge, as identified in the interagency agreement, and the initiating department's appropriation data to credit the payment. In the Legal Authority and Reason for Request box, indicate the items below:

- Authority for initiating the transfer: GC section 11255
- Interagency agreement number
- Invoice numbers and dollar amounts for which you are requesting a transfer

Attached to the TR, departments must also submit a copy of the following:

- Notification sent to the department that the transfer of funds will occur,
- Interagency agreement, and
- Applicable invoice(s). It is permissible to submit a list of the invoices, in lieu of the invoice copies, when there are more than five invoices.

The TR and attachments must be submitted to the SCO at the following address:

State Controller's Office
Division of Accounting and Reporting
State Accounting Section, Fund Accounting Unit
3301 C Street, Suite 760
Sacramento, CA 95816

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

DAMAGES TO MOTOR VEHICLES

GENERAL

8777.1

(Revised 1/85)

The Office of Risk and Insurance Management of the Department of General Services takes action to recover for most State agencies the cost of damage done to State vehicles by third parties. A few State agencies undertake their own collection activities under statutory authority or upon approval of the Office of Risk and Insurance Management. This section applies only to those agencies for which the Office of Risk and Insurance Management undertakes collection activity.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

PROCEDURES

8777.2

(Revised 1/85)

1. An agency forwards a Report of Vehicle Accident, STD. 270, to the Office of Risk and Insurance Management in accordance with SAM Section 2441.
2. The Office of Risk and Insurance Management makes the necessary review and notifies the third party if it is indicated that the third party is liable for the cost of repairing the State vehicle.
3. When the Office of Risk and Insurance Management notifies the third party, it also requests the agency to forward to the Office of Risk and Insurance Management two copies of the approved invoice for repairs plus any disapproved estimates. It is imperative that the agency forward these invoice copies as soon as the invoice is received by the agency. If the agency has decided that repairs will not be made, the agency should notify the Office of Risk and Insurance Management immediately so needless collection activity will not occur. The Office of Risk and Insurance Management in these cases will notify the agency if it is still advisable to proceed with the claim and whether collection may be made on the basis of an estimate only.
4. The Office of Risk and Insurance Management will notify the agency of the amount demanded from the third party. The agency will then recognize the claim as a contingent receivable. In the event a contingent receivable is closed without recovery, or closed with recovery of a lesser amount received than that which was claimed, the Office of Risk and Insurance Management will notify the accounting office of the State agency concerned.
5. The Office of Risk and Insurance Management will notify the agency when a claim against a third party becomes a valid receivable. In the event that a valid receivable becomes uncollectible, the State agency is required by Government Code Sections 13940–42 to seek relief of accountability from the State Board of Control. The Office of Risk and Insurance Management will not notify the agency when an insurance company gives notice that they will be forwarding a check for payment of damages. Although this might be considered a promise to pay, it is not expedient to classify such claims as valid receivables because payment will be received in ten to fifteen days.
6. Collections of damage recovery claims will normally be received by the Office of Risk and Insurance Management of the Department of General Services. The accounting office will forward to the agency a cash State check for the amount of the collection and a copy of the cash receipt containing pertinent information. If an agency happens to receive a payment directly from a third party or its agent, it is important that the agency notify the Office of Risk and Insurance Management immediately so that Office of Risk and Insurance Management files can be updated.
7. The agency will be responsible for reconciling its records to those of the Office of Risk and Insurance Management. Yearly a list of open departmental claims will be forwarded to the Office of Risk and Insurance Management, Department of General Services, which will advise as to their status. Agency records will consist of items recorded in the accounting records as well as a pending file of items which have been determined to be contingent receivables when the repair costs are paid.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

DAMAGES TO STATE PROPERTY OTHER THAN MOTOR VEHICLES

8778

(New 1/67)

It will be a responsibility of agencies to determine when a claim against a third party for damages to State property (other than motor vehicles) becomes a contingent or valid receivable. An agency's legal staff or the Office of the Attorney General should be consulted to establish guidelines and give advice in the processing of claims against third parties.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

WORKERS' COMPENSATION CLAIMS, LEGALLY UNINSURED AGENCIES

GENERAL

8780

(Revised 12/13)

The State Compensation Insurance Fund (State Fund) will pay all claims for medical expenses and compensation benefits in the first instance. Legally uninsured departments (all departments not covered with policies of workers' compensation insurance) will be billed for the benefits paid plus a charge for administrative services of State Fund. The latter charges are allowed under a master agreement for all legally uninsured departments negotiated by the Department of Human Resources (CalHR) and State Fund. These bills are payable by legally uninsured departments from the fund or funds from which the injured or deceased employee's salary or wages were payable at the time of injury or death. In case of departments operating under plans of financial adjustment, "fund or funds" above means the fund or funds from which the employee's salary or wages were ultimately payable, as adjusted through the plan of financial adjustment.

The master agreement mentioned above also provides that each legally uninsured department place a deposit with State Fund. The Service fees for departments will be billed in twelve (12) equal monthly installments for its percentage of the total service fee. A deposit into the working capital account for departments except the Department of Corrections and Rehabilitation (CDCR) will be a contribution amount equal to 9.6 percent of the annual benefit cost during the preceding July through June 30th. The contribution for CDCR will be equal to 16.7 percent. Deposits, of a department's estimated annual cost, will be used by State Fund to pay claims as they arise. It is important these deposits, as well as the normal semi-monthly billings, be paid immediately, as explained in SAM section 8780.1.

If a department's contribution to the working capital account is not enough to cover the actual monthly benefit billing charges in June, State Fund will provide the State Controller's Office (SCO) the file to debit each department's appropriation for the additional expenditures and to credit State Fund's Operating Revenue. If the department's contribution is in excess of the actual charges for June, the remaining balance will be used to offset any other benefit billing charges incurred during the same fiscal year. If the department's contribution is in excess of the actual charges during the same fiscal year, the SCO will debit State Fund's Prepayment from other Funds and credit the department's Prepayment from Other Funds to return the excess contribution.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

PAYMENT AND AUDIT

8780.1

(Revised 12/13)

The State Compensation Insurance Fund (State Fund) will bill agencies semimonthly. The Agency Payroll Code (from the Uniform State Payroll Code System), indicated on the Employer's Report of Occupational Injury or Illness, State Fund Form e3067, is used by State Fund to sort charges mechanically by the legally uninsured agency concerned. Because of this procedure, it is important that the correct agency code be shown on the ~~SCIF~~ State Fund Form e3067. The Agency Payroll Code is also shown on invoices submitted to agencies and will enable them to distribute the Workers' Compensation charges among subunits as needed.

It is imperative that Workers' Compensation invoices be paid immediately. Any amount outstanding after 35 calendar days from the date of SCIF's transmission to the State Controller's Office (SCO) is subject to an interest charge. The interest rate will be the same as the annualized Pooled Money Investment Account (PMIA) promulgated at the end of each fiscal year by the Director of the Department of Finance. All invoices for reimbursement of expenditures on claims will be billed and paid electronically through the SCO. At the same time, State fund will provide each Department with an itemized invoice which shows the expenditures for which reimbursement is claimed. Discrepancies will be reported promptly to State Fund and they will make the necessary adjustments on subsequent invoices. State Fund will notify the California Department of Human Resources (CalHR) monthly of any payments that remain unpaid.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

ACCOUNTING FOR PUBLICATIONS

8785

(Revised 4/92)

Accountability for publications and documents will not be maintained in General Ledger accounts. For the purpose of control and audit accountability, records for each title of publication will be maintained by quantity only on stock cards under the following conditions:

1. If all publications are in the custody of a person who both sells and gives them away, stock cards will be maintained on a "quantity only" basis for each title of publication. Under this condition, publications will be given away only on written authorization of a responsible officer of the agency.
2. If publications to be sold are in the custody of a person different from the person having custody of publications to be given away, stock cards on a quantity basis will be maintained only over each title of publication in the custody of the person authorized to make sales. All publications supplied to this person will be on written authorization of a responsible officer of the agency.
3. If all publications are to be sold, quantity stock cards will be maintained for each title of publication.
4. If all publications are to be distributed without charge, no stock records are required for accounting purposes.
5. Quantity stock cards will be maintained for each title of publication consigned to the Material Services Section, Publication Unit, Office of Procurement, for sale.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

OFFSETS

8790

(Revised 09/11)

Offsetting is the process where an amount owed to a debtor is used to pay an outstanding account of the debtor. Before offsetting, departments must ensure collection procedures have been followed in accordance with SAM Sections 8776.6. In addition, prior to offset, departments must notify the debtor and provide them with an opportunity to present any valid objection to use of the offset procedure.

The different types of offsets available to state departments are:

- Internal offsets within a department. Departments should collect outstanding advances from separating employees by offsetting their final paycheck from the department. Similarly, when a vendor has both a credit invoice and an overdue receivable, the credit invoice that may otherwise create a refund should be offset by the amount the vendor owes to the department.
- Franchise Tax Board (FTB) Intercept Program – Individuals who have outstanding debts to the state may also receive FTB refunds, California State Lottery winnings, or Unclaimed Property. FTB has an Interagency Intercept Collections Program to intercept or "offset" these funds and pay the individuals' debts to participating departments, if departments have a social security number for the debtor. This collection method should be used after three collection letters have not resulted in payment. For more information regarding this program, departments may contact the FTB Interagency Intercept Collections' Unit at (916) 845-5344.
- Offsets against payments among departments – The taxing departments (FTB, Board of Equalization, and the Employment Development Department) regularly offset refunds for outstanding debts among taxing departments. Non-taxing departments that become aware that another state department will be issuing payment to a debtor that owes their department should contact the other department to initiate the offset of the payment. The issuing department's payment should be reduced (offset) by the amount owed the debtor department when scheduling a direct payment through the claim schedule process. A separate no warrant claim schedule should be submitted for the offset amount to transfer that amount to the debtor department. See SAM section 8776.8 for recovering receivables from another state department.
- Offsets against payments to local governments – The State Controller's Office (SCO) allocates money to cities and counties. These payments may be offset in limited situations. The majority of these payments are for specific purposes for example highway funds and public safety and any request to offset these payments must be for the same purpose. One possible option is the ability to offset Motor Vehicle License Fee apportionments. Any department requesting an offset must provide documentation to the SCO demonstrating the department meets the provisions of SAM Section 8776.6. Each offset will be reviewed on a case by case basis by the SCO. For assistance in determining if offsets are feasible, departments may contact the SCO, Division of Accounting and Reporting at (916) 327-1714.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

MAINTENANCE OF STRUCTURES COST ACCOUNTING

8792

(Revised 8/72)

Agencies will account for the costs of maintaining individual structures only after carefully determining that the benefits of doing so outweigh the costs of doing so and also determining that through such system the benefits exceed the costs by a greater amount than would be possible by substituting for such cost accounting by structure, ward, etc., some other management tool such as nonmonetary maintenance history records.

If agencies determine that it is more advantageous to the State to keep maintenance cost records, they will:

1. Apply cost accounting procedures uniformly among their institutions, districts, or other comparable organizational units.
2. Assure the integrity of their cost accounts by comparing or reconciling them with their general ledger accounts.

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

CHANGE IN METHOD OF ACCRUAL

8793

(Revised 03/11)

Methods of determining accruals will be applied consistently from year to year. However, to meet changing circumstances or to produce more accurate accruals it may become necessary to change the method of accruing income or expenditures in the current year from the method used in the preceding fiscal year(s). If a department finds it necessary to deviate from the method used in prior years and the prior year amount accrued exceeded \$100,000, approval will be requested in writing from the Fiscal Systems and Consulting Unit, Department of Finance. The request will state the reason for and effect of the proposed change in the method of accrual.

ACCOUNTING FOR WITHHELD PAYMENTS

8795

(Revised 3/87)

Rule, regulation, law or agency practice may require that a certain amount be withheld from amounts owing a person or entity. Unless otherwise provided by law, when payments are made and an amount is withheld an entry will be made in the records to record such amount withheld, except that amounts representing contingent liabilities will be reported as prescribed in SAM Section 8751. When withheld amounts are paid or written off, the debit portion of the entry will be to the accounts payable account. An illustration follows:

1. Amounts withheld:

Debit

9000	Appropriation Expenditures	a/
9893	Prior Year Appropriation Adjustments	b/

Credit

3010	Accounts Payable	c/
3020	Claims Filed	d/

a/ Portion of c + d applicable to current year expenditures

b/ Portion of c + d applicable to prior year expenditures

c/ Amount withheld

d/ Total amount of claim less amount withheld

2. Amount withheld written off:

Debit

3010	Accounts Payable	a/
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Credit

9000	Appropriation Expenditures	b/
9893	Prior Year Appropriation Adjustments	c/

a/ Amount withheld being written off

b/ Amount being written off which was withheld and charged to the current year appropriation

c/ Amount being written off which was withheld and charged to a prior year appropriation

3. Amount withheld paid:

Debit

3010	Accounts Payable
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Credit

3020	Claims Filled
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Agencies will apply consistently from year to year the basis for determining what portion of withheld payments are real liabilities and what portion are contingent liabilities. Any change in such basis will be made only in accordance with SAM Section 8793